

## **The Demographic Crunch: A Win-Win Opportunity**

The recent series in the *Globe and Mail* on “Making the Most of Canada’s Labour Crunch” documents current labour shortages and calls attention to the tightening of Canada’s labour markets expected over the next decade as the baby boom generation reaches retirement age. We’re already seeing this in Alberta because of the surge in investment in the oil and gas industry.

Labour shortages are not yet widespread. As the *Globe* series pointed out, unemployment is still fairly high in many communities and very high in some. But there is little doubt that labour will become scarcer, and now is the time to get ready – with new strategies in the workplace and in education systems. Today, those systems do not respond to the needs of many Canadians. Unemployment is needlessly high among Aboriginals, the needs of the disabled are often not accommodated, the credentials and experience of recent immigrants go unrecognized, our pension arrangements encourage people to retire early, and we do not provide our young people with enough support to help them find rewarding careers. We could do much better.

There are three priorities in education.

The first is to reduce high school drop outs. While high school drop-out rates are lower than they were 10 or 20 years ago, they need to fall even further, especially for young men, who have much higher drop-out rates than young women. High school programs should include a wider range of course options, including preparation for possible careers in the skilled trades. We also need better career planning services both inside and outside of our schools.

The second is to improve access to post-secondary education (PSE) for people from low-income families. They need financial aid systems targeted to their situations, buttressed by early intervention to encourage young adolescents to aspire to higher education. We also need to ensure that our universities and colleges have the resources to provide a quality learning environment, and that they are transparent about the characteristics of their programs and about their quality strategies.

The third is to make “lifelong learning” a reality. Most of the people who will be in the workforce a decade from now are already in it. Those who would like to upgrade their skills need the opportunity to do so, especially since 9 million Canadians aged 16 to 65 years have literacy skills below the level considered necessary to live and work in today’s society. Unfortunately, access to learning opportunities, whether through second chances in the formal education system, through government-funded programs in the community, or through employer-sponsored training, is generally poor for less-educated adults in Canada.

Indeed, some employers will have to completely rethink their competitive strategies as labour becomes scarce. Employers will have to work harder to make their workplaces attractive to prospective and current employees. Providing regular learning opportunities will help. So will providing flexibility on hours of work, giving workers greater input into decision-making about how work gets done, and generally paying more attention to what fosters job satisfaction among their employees. To some extent, the tightening of labour markets should drive such changes through market forces: employers will have to respond or find themselves unable to attract or retain the workers they need. However, it would be far better to start now, rather than wait to be buffeted by the demographic crunch to come.

Moreover, there is a risk that, even with labour in scarce supply, many people will remain trapped in low-wage jobs with little prospect of advancement. The human resource strategy of too many Canadian firms is based on a low cost/low productivity approach. That is, a large part of the workforce is paid very low wages with few employment benefits and little effort to upgrade their skills or support them with advanced technologies. The low wages and benefits allow this to be sustainable. We need employers to break out of this approach and recognize the opportunities for better wages through higher productivity (and reduced absenteeism and turnover), even in jobs that are seen as not highly skilled.

Labour shortages are a signal to Canadian workers that they will have more opportunities to earn a decent wage and save for their futures. But that dream will only come true if employers, governments and educators adopt new strategies for the workplace and target new investments in learning. We can turn this into a win-win opportunity – for productivity growth and for standards of living. .

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