Unemploy-ment

Alberta GPI

Noteworthy:

- The number of unemployed workers in Alberta increased by 796% between 1961 and 2003.

- 10,284 workers in Alberta were unemployed in 1961, equal to a 2.5 % unemployment rate.

- 92,100 workers in Alberta were unemployed in 2003, equal to a 5.1% unemployment rate.

- The estimated cost of unemployment has risen substantially—from $300 million (1998$) in 1961 to $2,686 million (1998$) in 2003.

- In 1961, the cost of unemployment in Alberta was equal to 1.37% of provincial Gross Domestic Product (GDP); by 2003, unemployment was worth 2.11% of GDP.

- In Alberta, as in other provinces, unemployment is higher for women and youths aged 15 to 24.

- Unemployment varies with the business cycle. Unemployment in Alberta increased in the recession of the early 1980s and again in the early 1990s.

- In non-recessionary times, unemployment declines.

- Despite post-recession recoveries, there is a general trend towards increased unemployment in Alberta.
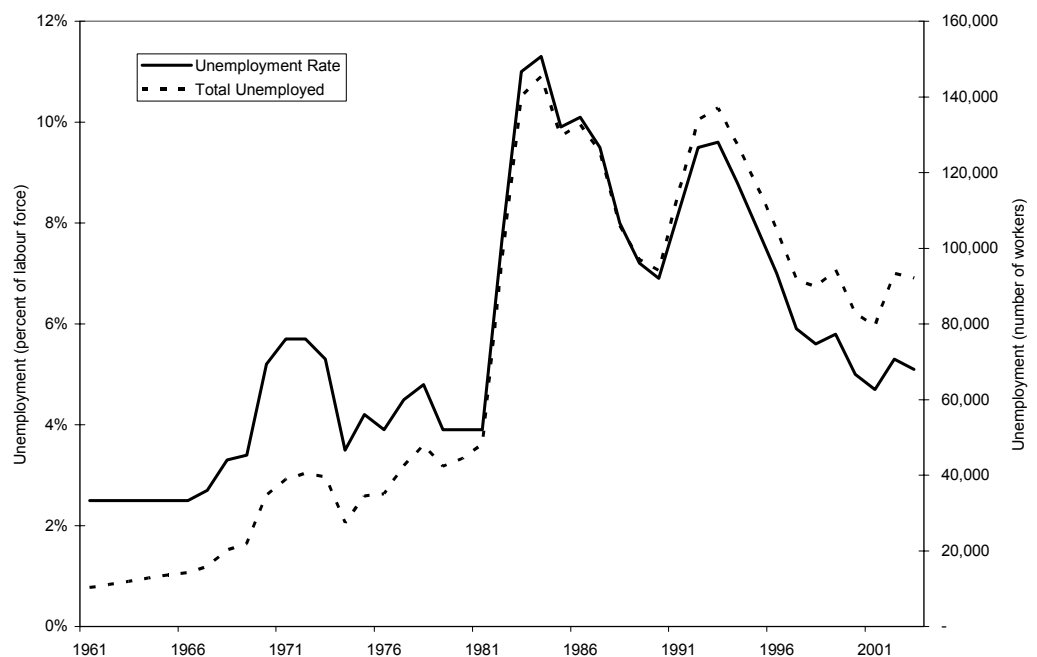
Unemployment in Alberta: How Much?

In 1961, a total of 10,284 workers were unemployed in Alberta—the equivalent of a 2.5% unemployment rate (% of the labour force that is unemployed). By 2003, that number had risen to 92,100 workers or a 5.1% unemployment rate. That is a startling 796% increase in the number of unemployed workers in the province, and a 104% increase in the unemployment rate. This is especially significant when compared to the increase in total population in the province, which was 137%. It is worth noting that at 4.6% unemployment in 2004, Alberta has one of the lowest unemployment rates in Canada. While the national average was 7.2% in 2004, the unemployment rate in Saskatchewan was 5.3%, in British Columbia it was 7.2%, in Manitoba it was 5.3%, in Ontario it was 6.8% and in Quebec it was 8.5%. In 2004, the highest rates of unemployment were in the Atlantic provinces with highs of 15.6% in Newfoundland and 11.3% in Prince Edward Island. In Alberta, the estimated cost of unemployment was $300 million (1998$) in 1961, rising to over $2,686 million (1998$) in 2003.
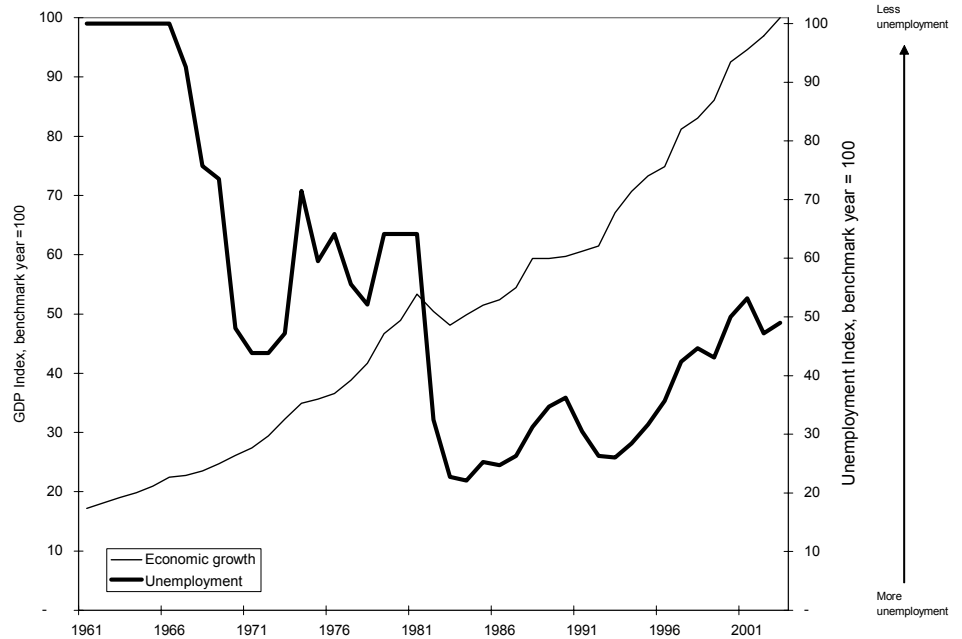
Unemployment in Alberta, 1961 to 2003

Source: Data for 1966 to 1998 from Statistics Canada Table 381-0035 and Table 282-0002, other years derived through extrapolation
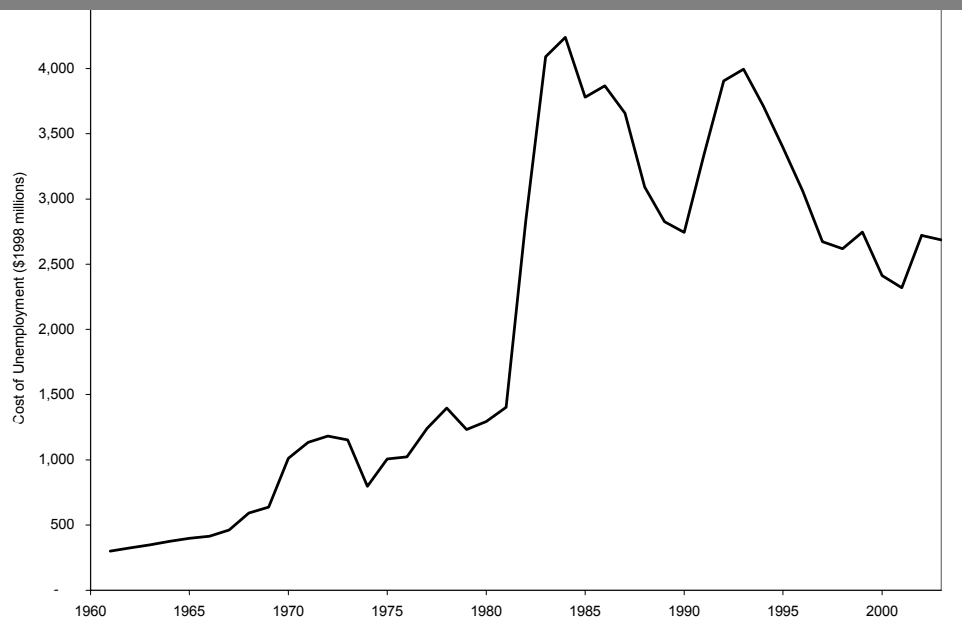
So What?

It is important for workers to enjoy free time. In the GPI accounting framework, free time is valued as much as time spent at paid work, time spent caring for children, or time spent volunteering. However, to the extent that people are forced to take free time because they are unemployed, the GPI will be overestimating the true value of free time in a region. Thus, the value of free time is adjusted for the cost of unemployment in the GPI accounting framework. This is done to get a better indication of the true value of free time. By getting a better measure of the value of free time, and thereby accounting for the foregone employment associated with unemployment, the GPI gives a more informative indication of the well-being of a region.

The figure at the upper right shows unemployment in Alberta as an index. For the index, we set 100 equal to the lowest rate of unemployment in the study period and called the corresponding year (that is, 1961) the benchmark year. In 1961, only 2.5% of the labour force was unemployed. As unemployment deviates from the rate of the benchmark year, the index measures change from 100 over time. The further the unemployment rate is from 2.5%, the more the index tends toward zero. The index shows that as unemployment in Alberta has risen, we have moved further away from the rate of the benchmark year. The same figure also shows the trend in provincial Gross Domestic Product (GDP) over the study period. The contrast between the unemployment index and the GDP in Alberta is significant. While GDP increased steadily from 1961 to 2003, the unemployment situation has deteriorated.

Alberta Unemployment Index: Where are we today?

Big Bucks: The Cost of Unemployment in Alberta, 1961-2003

The estimated cost of unemployment in Alberta in 2003 was almost $2.7 billion. It was equal to 2.11% of 2003 GDP.

As an index, unemployment in Alberta in 2003 ranked 49 on a scale where 100 is set equal to the lowest unemployment rate from 1961 to 2003 (see figure above).

$2.7 Billion