
AN AGING POPULATION: SOLUTIONS FOR A POORLY PREPARED QUEBEC

Montréal, October 6, 2021 – Just as it is managing to contain the COVID-19 pandemic, Quebec is confronted with its failure to prepare for the impact of an aging population. As a result, the province is facing a labour shortage that may undermine its economic recovery. “Essentially, Quebec’s problem is simple,” says Robert Gagné, Director of the Centre for Productivity and Prosperity – Walter J. Somers Foundation (CPP) and co-author of the study. “Its employment rate is lower than that of Ontario and the Canadian average because fewer Quebecers 60 and over are on the labour market. To give a general idea of the extent of the problem, merely bringing the employment rate for this portion of the population up to the level in Ontario would theoretically make it possible to fill half the vacant positions in the province.”

In a report titled *Vieillissement démographique : solutions pour un Québec mal préparé*, the authors note that the relatively low employment rate among people 60 and over in Quebec is basically attributable to the low native-born labour market participation – meaning people born in Quebec. “Our analysis shows that the employment rate for the Canadian-born population age 60 and over in Quebec is lower than that of other categories of workers in the same age group, whether they were born in other provinces or immigrants living in Quebec or elsewhere in Canada,” he explains. “This led us to conclude that the over-representation of native-born Quebecers in the public service and unionized jobs in Quebec would explain this situation.”

Since they have greater job security and considerable retirement benefits, these workers can presumably take the opportunity to withdraw earlier from the job market, which is clearly to their advantage. Moreover, the lack of flexibility in collective agreements may encourage workers to retire even though they might have remained active if they could have benefited from accommodations reflecting their status as older workers.

An analysis of a sample representing 10% of collective agreements in effect in Quebec shows that barely 12.7% of them contain clauses intended to keep older workers on the job, i.e. additional vacation, lighter duties, flexible hours, etc. “In short, public and private unionized workplaces simply don’t seem to have adapted to the reality of full employment,” says Jonathan Deslauriers, CPP Executive Director and co-author of the study. “As proof, over half of the agreements analyzed contain no clauses to encourage the retention of older workers. And in the rest of the sample, the only measures intended for older workers have to do with gradual retirement – provisions that generally lead workers to leave the labour market rather than encouraging their retention.”

Since 44% of jobs in the province held by Quebec-born workers are covered by collective agreements, the authors consider that some of these vacant positions could be filled if measures to actively retain older workers were rapidly introduced in these agreements. “It remains a significant challenge,” concedes Gagné. “All the parties involved – companies, unions and the government, which in this case is the largest employer in the province – will have to co-operate.”

Lessons to be learned

After retracing the origins of the phenomenon of an aging population for purposes of this analysis, the authors feel that the province should learn some lessons from the way this issue has been managed. “Looking back, we can see that the Quebec government was not proactive, even though the problem has been recognized for a long time,” explains Gagné. Constantly concerned by high unemployment, successive administrations in the 2000s and 2010s failed to raise immigration targets to meet the future needs of the labour market. As a result, the demand for workers now outstrips the supply, a problem that could have been avoided in part if the pool of workers had been expanded earlier. “By applying this short-term logic to an issue calling for a long-term solution, the government failed to make use of an important tool that could have helped to soften the impact of an aging population. But given the slow pace of the process and immigrants’ difficulties integrating the labour market, greater immigration clearly can be only a tiny part of the short-term solution,” he notes.

Once it realized the seriousness of the situation, the Quebec government sought to encourage older workers to remain on the job, as a means of bridging the widening gap in the labour market. Starting in the early 2010s, it offered tax credits for older workers to keep them in the workplace, but these measures apparently did not have the desired effects. “On the one hand, it is questionable whether the fiscal approach is really suited to the nature of the problem,” says Gagné. “There are very likely few workers who would base their decision to retire on tax credits. But more important, the Quebec government didn’t consider it worthwhile to review its own policies. As the province’s largest employer, with a highly unionized workforce made up mainly of Quebec-born workers, it could have led by example by including active measures to retain experienced workers at the start of the 2010s.”

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The Centre for Productivity and Prosperity – Walter J. Somers Foundation has a twofold mission. First of all, it is devoted to research on productivity and prosperity, mainly in Quebec. The Centre then shares its research findings through knowledge transfer and educational activities. hec.ca/cpp - info.cpp@hec.ca

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The Somers family established the Walter J. Somers Foundation in tribute to the founder of Walter Surface Technologies. Through different donations, the Foundation pursues the family heritage of commitment to the community and contributes to the prosperity of Quebec society, firstly by helping to enhance its productivity but also by supporting excellence in youth education.

Source:

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