

THE STORY SO FAR: COVID-19, THE CANADIAN LABOUR MARKET, AND YOUTH

LUANN GOOD GINGRICH
ANDREW MITCHELL

The Story So Far: COVID-19, the Canadian Labour Market, and Youth

Luann Good Gingrich and Andrew Mitchell

The devastating impacts of COVID-19 and public health restrictions on employment and income has not been evenly distributed across all sociodemographic groups or regions in Canada. For example, we know that the number of workers directly affected by the COVID-19 economic shutdown peaked at 5.5 million in April 2020, including a 3.0 million drop in employment and a 2.5 million increase in absences from work ([Labour Force Survey, October 2020](#)). [Researchers](#) reported that young people were hit particularly hard, as “the unemployment rate for youth (15- to 24-year-olds) rose from 10.3% in February to a monthly historical high of 29.4% in May” ([Frenette, Messacar, & Handler, 2020, July 28](#)).

Following an easing of restrictions in the summer months, optimism grew in the early weeks of autumn as we saw signs of economic recovery. According to the [September 2020 Labour Force Survey \(LFS\) report](#) from Statistics Canada, highlights for the month of September included:

- An increase of 378,000 jobs (+2.1%), bringing employment to within 720,000 (-3.7%) of the pre-COVID February level
- The bulk of this increase was in full-time work, up by 334,000 (+2.1%) in September, adding to gains in August of 206,000 jobs (+1.4%)
- A big chunk of job gains was in sectors hardest hit during the pandemic: Accommodation and Food Services added 72,000 positions; Manufacturing up 68,000; Arts and Culture jobs increased by 56,000 positions
- 18.3% of the workforce was either unemployed, underemployed, or had given up their job search, almost half of the 36% reported in April
- For both mothers (+0.9%) and fathers (+1.5%), September employment was on par with pre-pandemic levels

But this recovery was short-lived, as by mid-October, employment growth had slowed due to restrictions made necessary by the second wave of the pandemic. Furthermore, it became clearer that recovery is not evenly experienced among all demographic groups. For example, Statistics Canada reported that by October, core-aged men were within 2.0% and core-aged women within 1.4% of their pre-COVID employment levels, while employment rates for youth aged 15 to 24 remained 10% below February levels, much further behind the recovery in other major demographic groups ([LFS, September 2020](#); [LFS, October 2020](#)).

Previous briefs in this series¹ on labour market impacts of the COVID-19 pandemic in Canada have looked at various employment measures for immigrants ([June 26, 2020](#)) and women ([September 9, 2020](#)). In this third brief, we analyze Statistics Canada's monthly public-use microdata file (PUMF) of the Labour Force Survey (LFS)² to focus on youth, with special attention to comparisons by gender and immigration status. Data show that young workers have been differently affected by the economic crisis that accompanied the pandemic restrictions beginning in March 2020. Furthermore, we note that employment and unemployment rates are crude measures, telling only part of the story. Thus, in our analysis we examine several distinct employment indicators for young workers in Canada.

For the purposes of this brief, we define youth as those under the age of 25. We have further divided this group into those aged 15-19 and those 20-24 based on differences observed in their experiences. We restrict our analysis to those under the age of 65, that is, those most active in the labour market.

¹ We gratefully acknowledge funding support of the Social Sciences and Research Council (SSHRC) of Canada through the Insight Grant *Tracing and Addressing Social Exclusion in Canada* (TASC), PI Luann Good Gingrich.

² See Statistics Canada, [Labour Force Survey \(LFS\)](#). We make use of LFS microdata from January to October, 2020.

Why youth?

Figure 1 shows that between February and April 2020, the number of people age 15-64 in Canada who were employed and at work declined by approximately 28 percent.

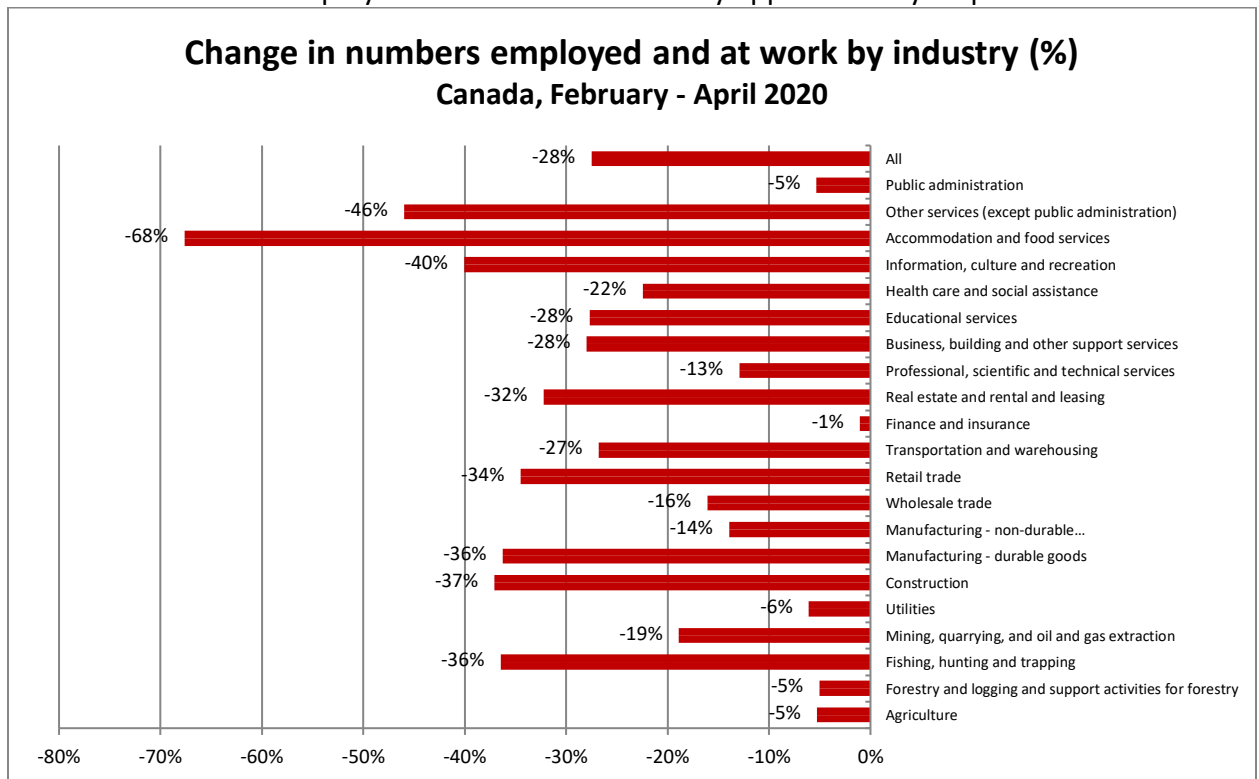


Figure 1

The industries most heavily impacted were Accommodation and Food Services (-68%); “Other Services” (-46%); Information, Culture and Recreation (-40%); and Retail Trade (-34%). These represent the industries where younger workers are concentrated. Youth made up about 13% of total employment in February 2020, but 42% of those young people were employed in Accommodation and Food Services, nearly 30% in Retail Trade, and 21% in Information, Culture and Recreation (Figure 2).

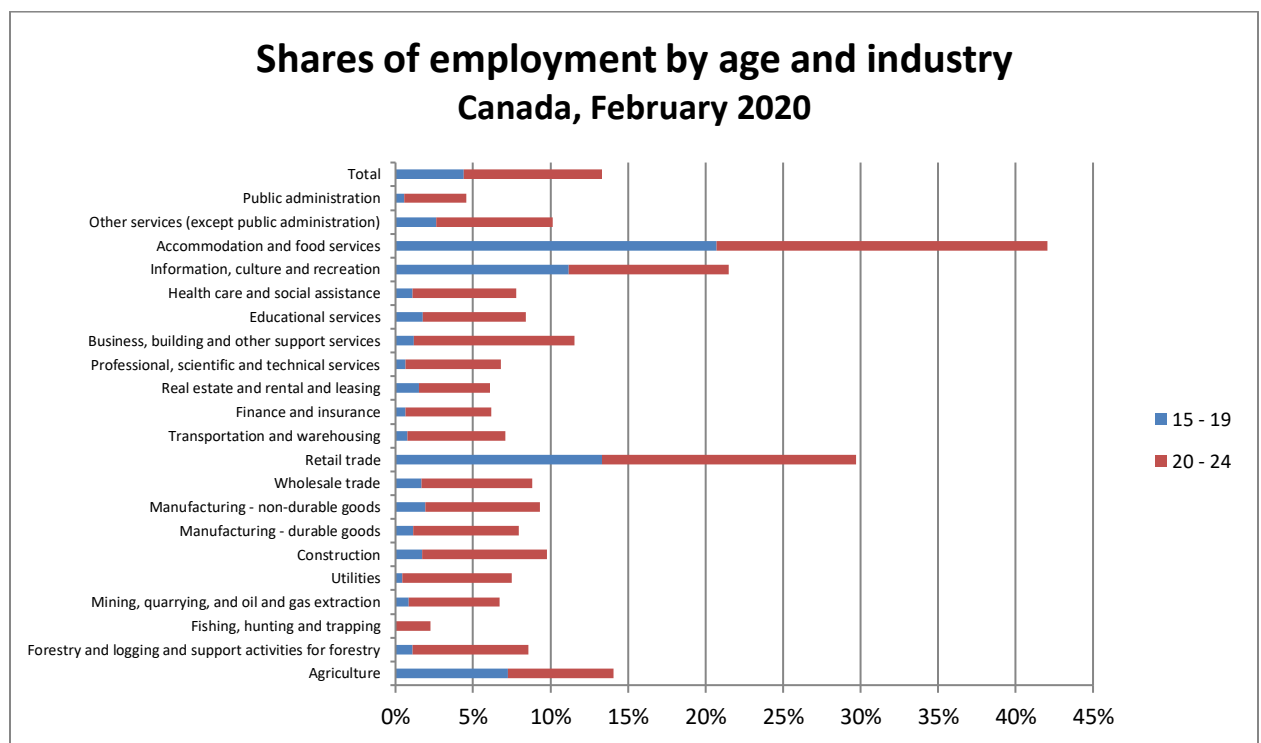


Figure 2

Employed, at work

The number of people employed, and at work, declined precipitously in the early months of the pandemic. Between February and April, the percentage of the population who were employed and at work declined from 37% to 16% among the 15 to 19 age group, and from 64% to 36% among those from age 20 to 24. Those over age 25 also suffered large declines, but all age cohorts over 25 are notable for being roughly similar as a group and differentiated from the youth cohorts. For example, employment fell from 73% to 52% among those 25-29, from 75% to 56% among those 30 to 34, and from 71% to 54% among those 35-64

All age groups experienced a recovery in employment during the late spring as the economy reopened. In the summer months, employment among youth rebounded strongly, while the older age cohorts stabilized or declined slightly (likely due to vacations). However, when autumn arrived, the percentage of youth employed and at work declined, likely due to a combination of returns to school and further restrictions in response to the second wave of COVID-19, which would disproportionately hit those industries where youth are over-represented. Older age cohorts continued to regain ground through the months of September and October.

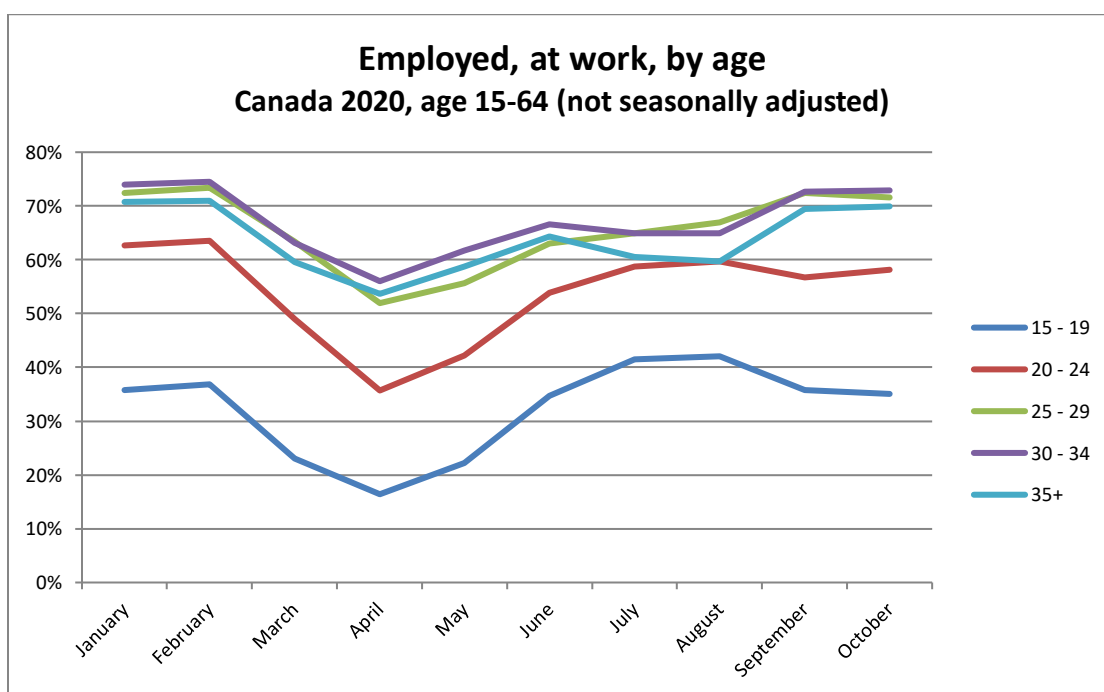


Figure 3

Employment and unemployment rates

Overall employment rates (which include those at work and absent from work) are typically lower among youth who are more likely to be students. However, Figure 4 shows that the decline in employment was steeper among youth than those over age 25. But again, employment rebounded slightly faster among youth, only to decline again in the fall, and remained below their pre-pandemic levels, while those over age 25 continued their gradual recovery.

Unemployment increased more rapidly among younger workers in the early phase of the pandemic. The unemployment rate among those aged 15-19 peaked at 36% in May, and 29% among those aged 20-24. Among those 25-64 the unemployment rate rose from only 5% in February to nearly 12% in April. Since those peaks, unemployment has declined for all ages, but remains above pre-pandemic levels.

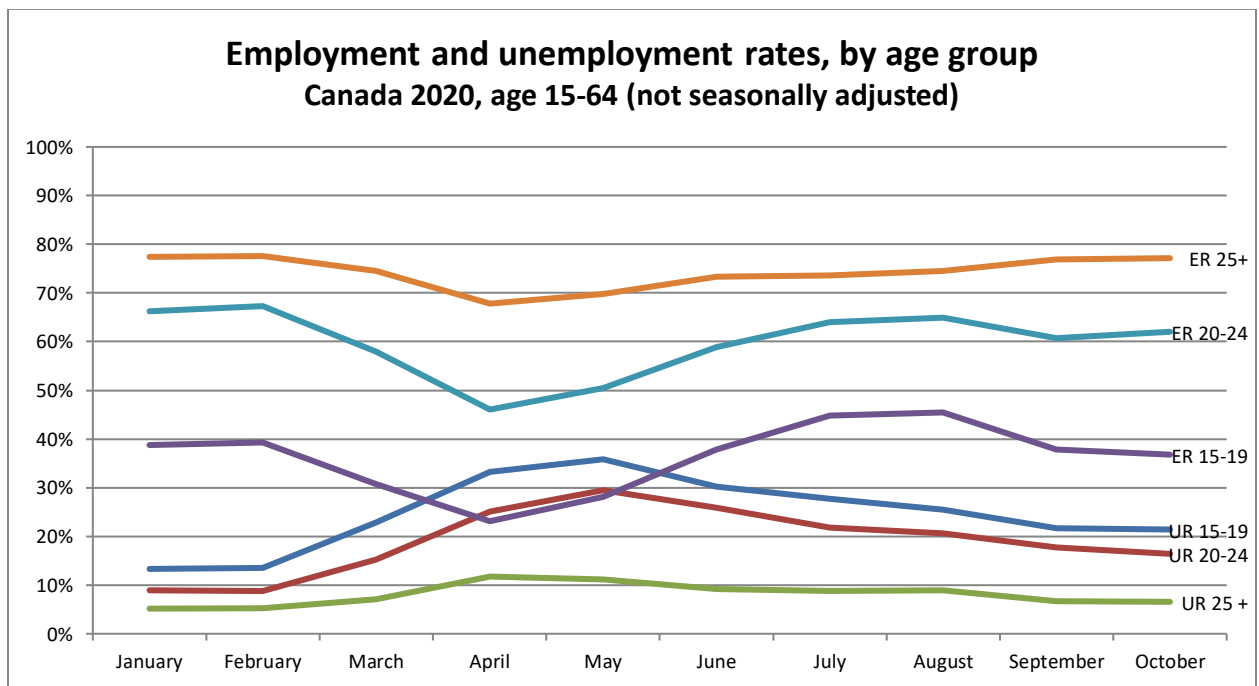


Figure 4

Unemployment appears less dramatic than perhaps it otherwise would, as many people dropped out of the labour market altogether during the year. Figure 5 illustrates this, showing that compared to pre-pandemic levels, the number of people who are outside the labour market increased for all age groups. As economies re-opened, the hardest hit industries employing many younger workers recovered quickly. Workers over age 25 did not re-enter the labour market as quickly, and did not recover their pre-pandemic levels until September.

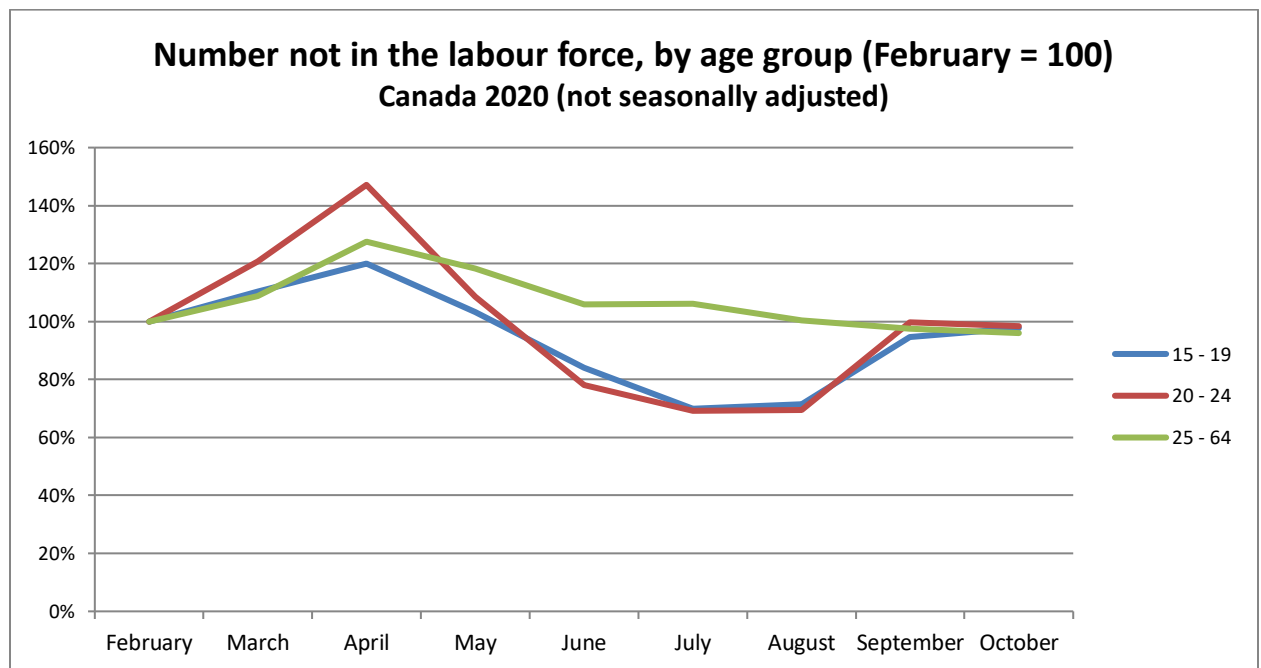


Figure 5

Hours worked in major industries

The next series of figures focuses on hours worked in the industries that are key employers for youth. Figure 6 shows that the total hours worked in retail trade fell to 74% of their pre-pandemic level in April among youth 15-19, 58% among those 20-24 and 68% among those 25-64. Recovery was more rapid among youth than among those over age 25, whose hours had still not recovered by October.

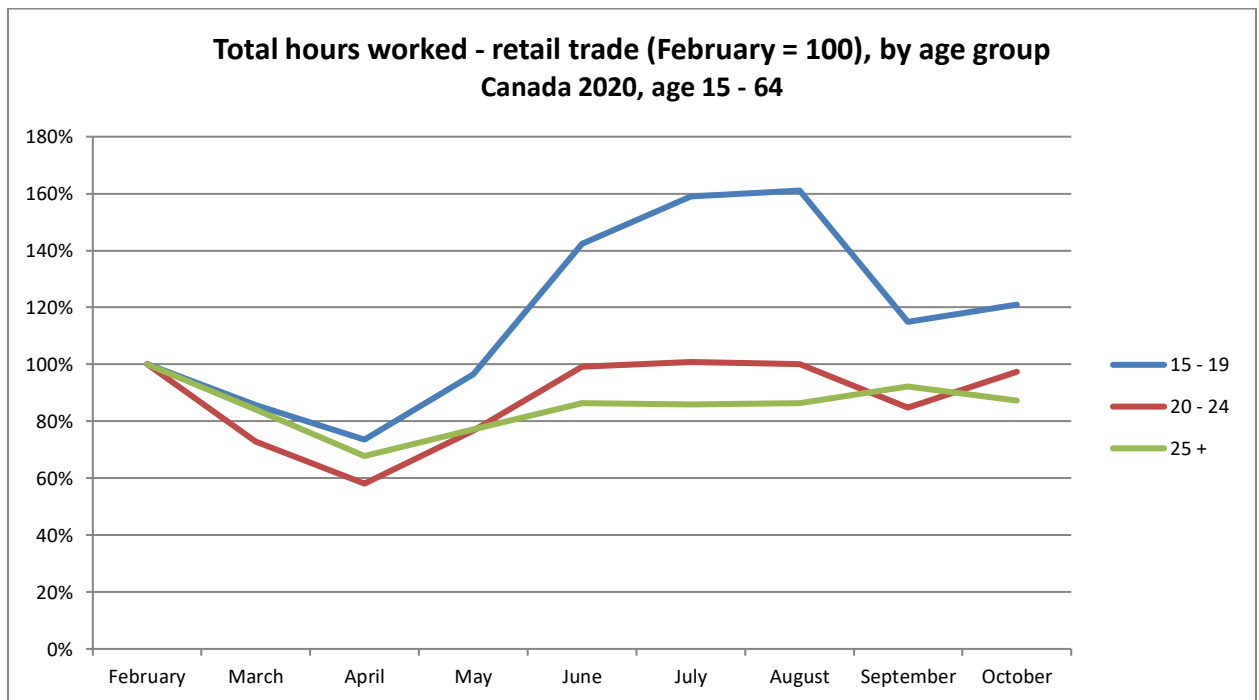


Figure 6

Hours worked in Information, Culture and Recreation showed a particularly severe decline, falling to only 5% of pre-pandemic levels among those 15-19, 44% among the 20-24 year olds, and 64% among those 25-64 (Figure 7). Recovery was rapid and dramatic among youth, coincident with summer employment, but has been slower among those over 25, who have yet to regain their pre-pandemic levels.

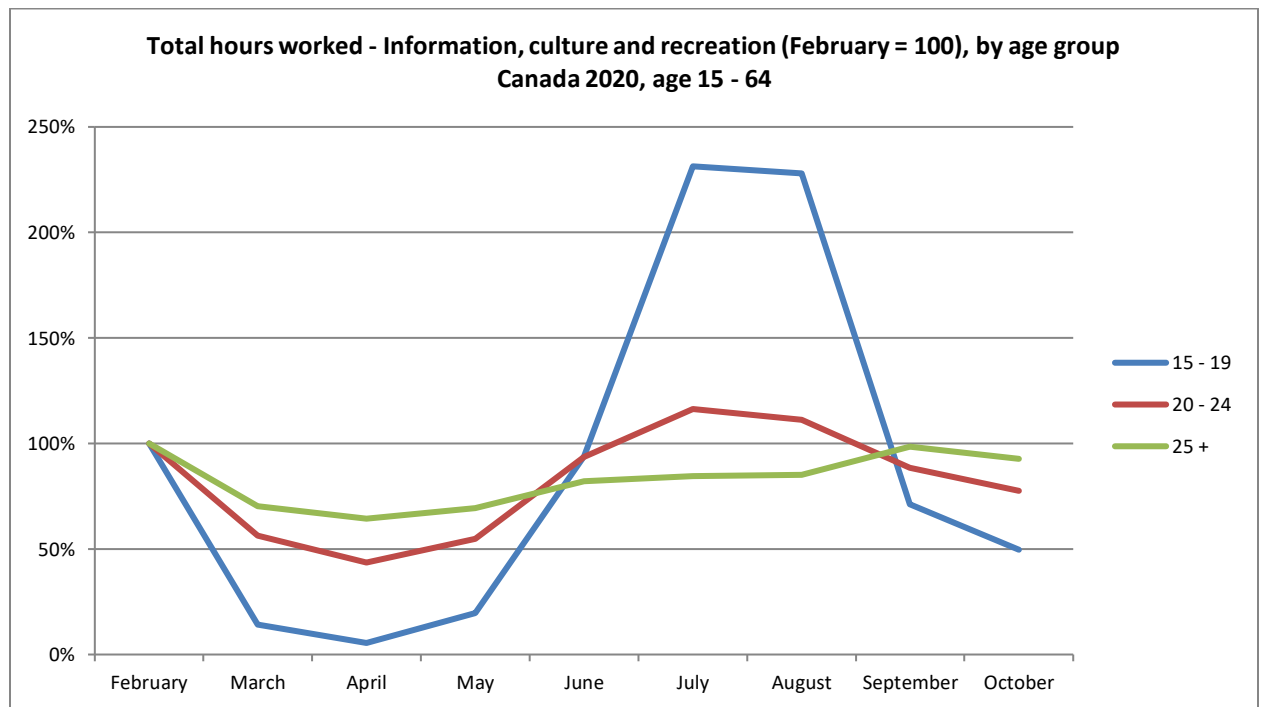


Figure 7

Hours worked in Accommodation and Food Services declined steeply for all age groups (Figure 8). Summer employment allowed 15-19-year-olds to exceed their pre-pandemic hours, but they quickly fell back as summer employment ended and new restrictions curtailed employment. Neither 20-24-year-olds nor those 25-64 have yet recovered the level of hours worked pre-pandemic. As of October, those 15 to 19 were working less than 90% of the hours worked in February, while those 20 to 24 were working about 67% of their pre-pandemic hours.

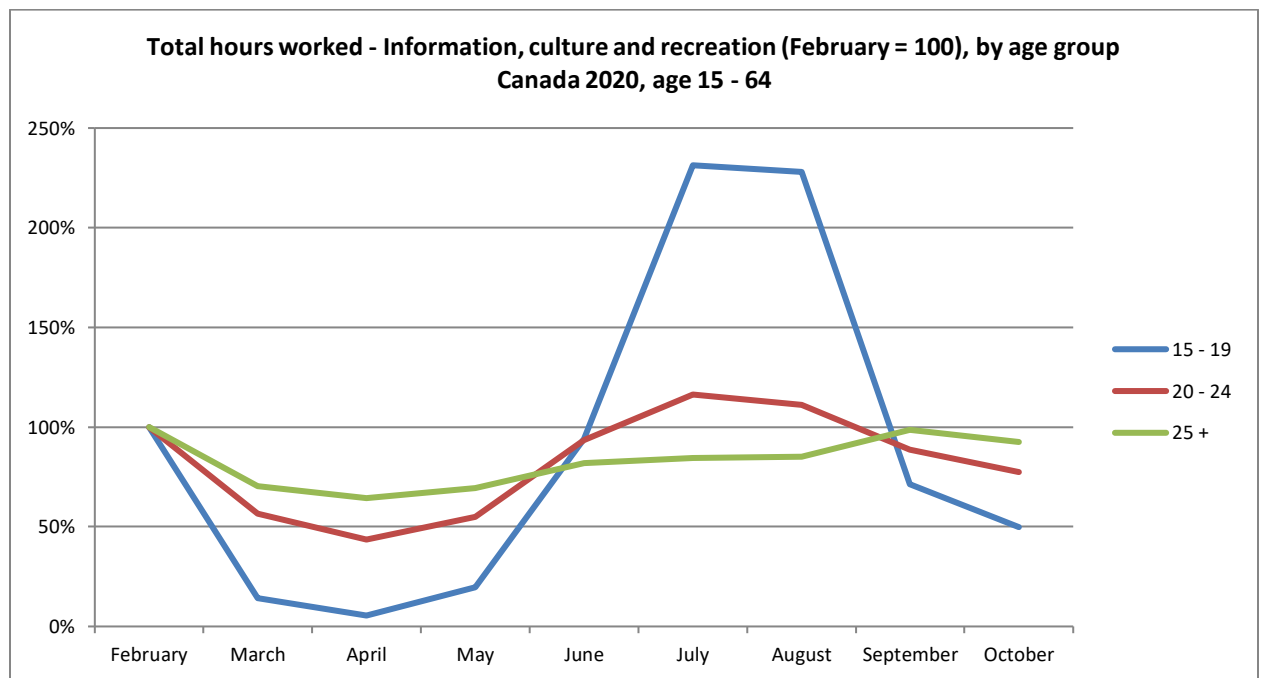


Figure 8

Gender

While our brief #2 focused on the impacts on women, and we will not undertake an extensive examination of gender differences among youth, it is noteworthy that there are differences between the experiences of young men and young women. Figure 9 illustrates this by looking at the change in the numbers employed and at work throughout 2020, to date. We see that the number of young women employed and at work dropped to only 47% of their February level, compared with 58% among young men.

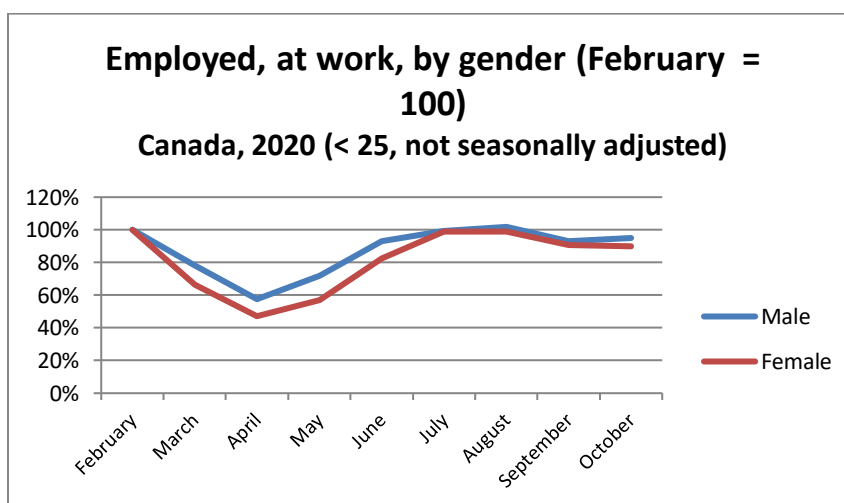


Figure 9

Young women continued to lag behind their male counterparts, only closing the gap during the summer months. From September onwards, they once again fell below men in their level of employment. LFS data for September and October also show that the unemployment rate for male youth aged 15 to 24 continued to fall, down 1.4 percentage points from September to 19.1% in October. Conversely, the unemployment rate for female youth rose 1.3 percentage points to 18.5%. From September to October 2020, employment gains among young men (+16,000; +1.4%) were offset by losses among young women (-14,000; -1.2%). ([LFS, October 2020](#)).

Gender patterns among young workers is distinct, as employment recovery rates for core-aged men and women are reversed. Employment among women aged 25 to 54 increased for the sixth consecutive month in October (+40,000; +0.7%), driven by gains in full-time work. The unemployment rate for core-aged women declined 0.4 percentage points to 6.6% in October, the lowest rate among the major demographic groups, while employment growth for core-aged men lagged behind their female counterparts, at 7.6% ([LFS, October 2020](#)).

Immigrant youth

Brief #1 in this series focused on the experiences of immigrants, and this is another cleavage that is worth exploring in the context of youth labour market experiences. Figure 10 shows that the percentage employed and at work is higher among Canadian-born youth, and has remained so throughout 2020. Youth who had immigrated to Canada more than 10 years previously started the year with a higher rate of employment than more recent immigrants. These positions reversed in the recovery period starting in June when the percentage of recent immigrant youth employed and at work exceeded the rate among longer-term immigrant youth, and has remained above for the following months as well.

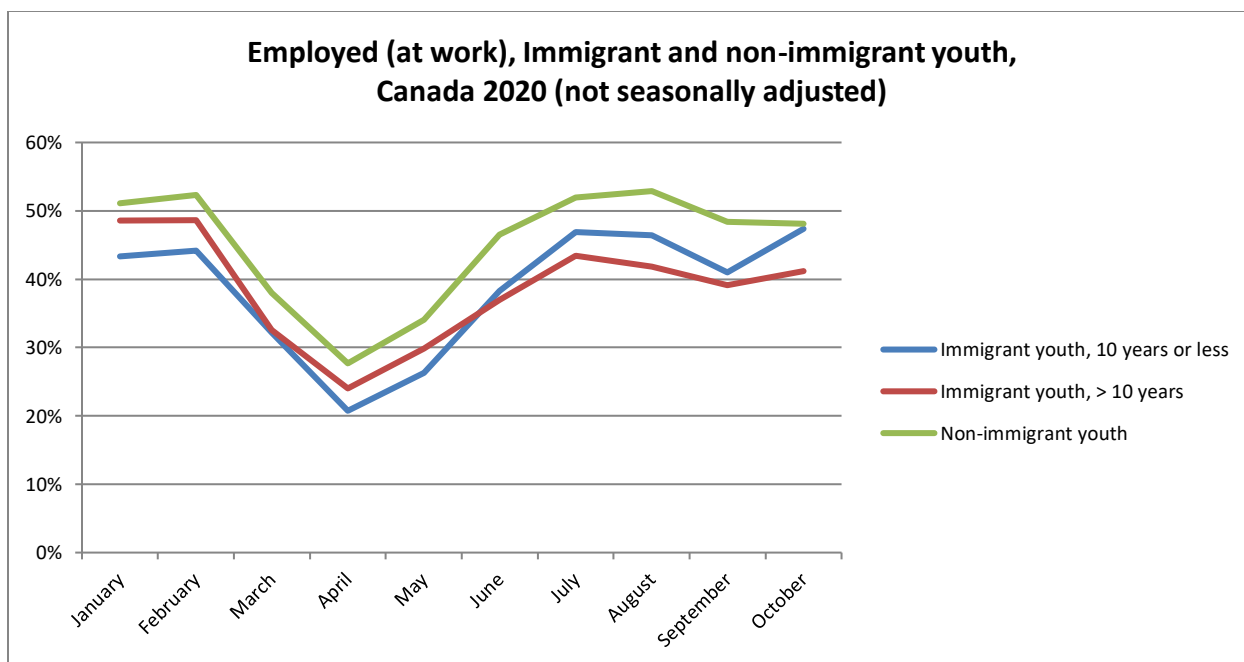


Figure 10

Brief #1 in this series, along with Statistics Canada, report a similar pattern among the overall immigrant population in Canada (all ages), with longer-term immigrants losing more ground and showing a flatter recovery than recent immigrants or Canadian-born over the course of the pandemic.

Figure 11 shows the unemployment rate for these groups. An interesting pre-pandemic pattern is revealed, whereby the highest unemployment is experienced by recent immigrant youth (13% in February), followed by Canadian-born young workers (10%), then youth who had immigrated more than 10 years earlier (7%). All groups experienced similar increases in unemployment rates in March-April. After April, Canadian-born youth unemployment peaked in May at 31% and then started a gradual decline, finishing at 17% in October. Unemployment among recent immigrants peaked in May at 36% and also began a gradual decline to finish the period at 24%. It is the longer-term immigrant youth who, perhaps surprisingly, did not experience peak unemployment until June when it hit 40%. Recovery for this group was more uneven and they finished the period with an unemployment rate of 26%, reversing their pre-pandemic position with recent immigrant youth.

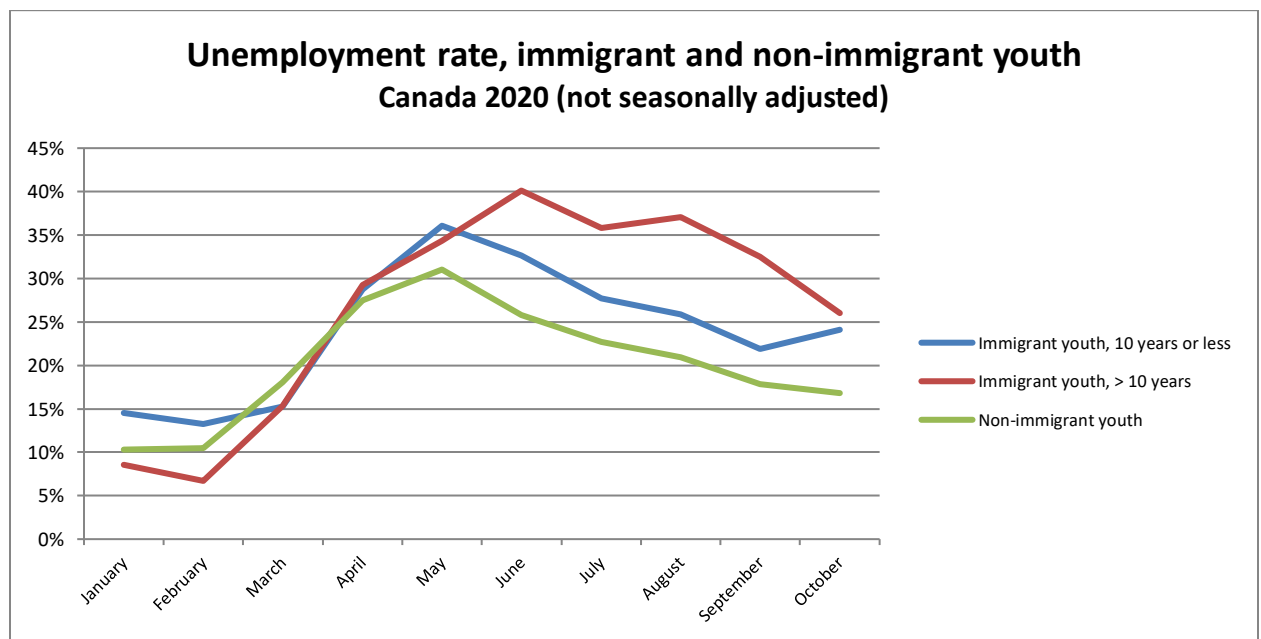


Figure 11

Labour force underutilization

A regular feature of this series has been the exploration of labour force underutilization as it pertains to our focus group. Labour force underutilization is a summary measure developed by Statistics Canada combining 1) unemployment, 2) those outside the labour force who did not search for work but who nevertheless wanted to work, and 3) those who worked but at greatly reduced hours (less than half their usual hours). In this brief we apply this concept to youth, grouped according to Canadian-born, those who immigrated more than 10 years earlier, and immigrants who arrived 10 years previously or less.

In Figure 12, we see that consistent with the unemployment rates examined above, longer-term immigrant youth began the year less underutilized than either Canadian-born youth or recent immigrant youth.³ In February, immediately pre-pandemic, none of the groups was significantly different from the others.

In the early months of the pandemic, both Canadian-born youth and longer-term immigrant youth were more under-utilized than the recent immigrant youth. However, in April the only 'real' statistical difference was between the recent immigrant youth and the Canadian-born youth. The longer-term young immigrants could not be said to be statistically different from either the more recent young immigrants or the Canadian-born youth.

From June through September, recent immigrant youth experienced similar (and falling) levels of under-utilization as Canadian-born youth. Young longer-term immigrants lagged with higher rates until October, when they were similar to young recent immigrants, but still experienced more marked under-utilization than young Canadian-born workers.

³ We have added 95% confidence intervals to the estimates to illustrate when differences are 'real', that is, unlikely to have arisen by chance, versus apparent differences that could simply be due to chance.

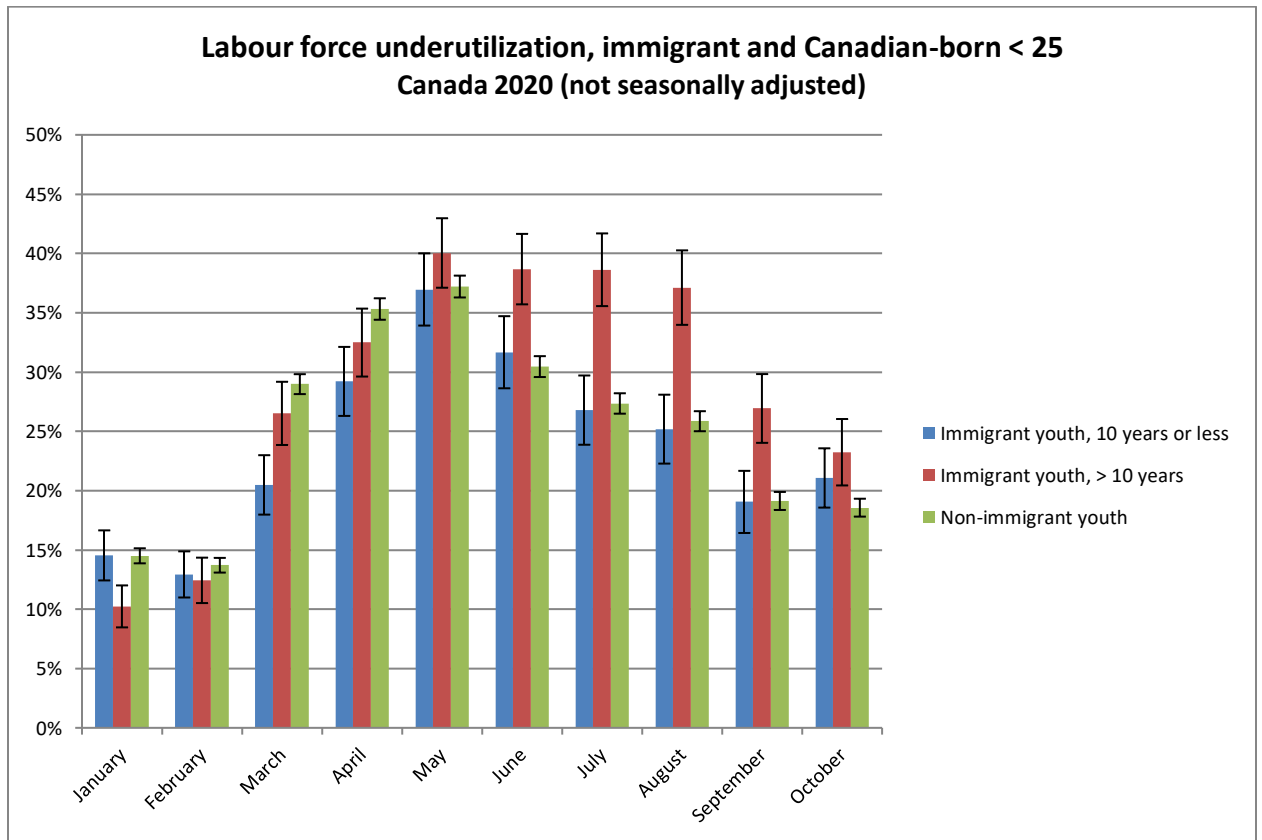


Figure 12

Conclusions

Even before the pandemic, a higher proportion of young people were relegated to low-wage and precarious jobs. We also know that low-wage workers (those earning less than \$16.03 an hour) were hit the hardest by the shutdown of last spring ([Lemieux et al., 2020](#)). Thus, it may be that – although regrettable – the adverse impacts of the pandemic on youth employment are to be expected. However, there are some employment trends emerging for youth that are not easily explained or addressed, and are therefore worthy of attention in planning for a sustainable economic recovery.

- **Patterns of Disadvantage by Age:** Youth were among those hit the hardest by the shutdown of the spring of 2020 measured by a range of employment indicators, and remained further from full recovery than all other major demographic groups by mid-October. Moreover, age appears to intersect with gender and immigration status to produce precisely uneven labour market outcomes. First, young women are experiencing slower recovery than young men, a pattern that is contrary to core-aged women and men. Second, age is a possible factor when comparing employment trends for immigrant and non-immigrant youth, as about half of the recent immigrant youth are 15 to 19 years of age versus 35% of longer-term immigrant youth. Labour market experiences and the industries in which recent immigrant youth are employed may be more similar to those of the younger Canadian-born age group, who experienced a rapid bounce back due to re-opening and summer employment that was followed by a rather dramatic decline again in the fall.
- **Immigrant Economic Exclusion:** Similar to their parents ([Good Gingrich & Mitchell, 2020, June](#)), longer-term immigrant youth experienced better employment outcomes than their Canadian-born or recent immigrant counter-parts prior to the pandemic, yet suffered the most severe losses at the peak of the economic downturn in the Spring of 2020. Furthermore, indicators of employment recovery for immigrant youth who have been in Canada over 10 years are lagging well behind Canadian-born youth as well as recent immigrant youth. Common explanations for poorer labour market outcomes for core-aged immigrants – such as lack of recognition for “foreign” credentials and education, and limited Canadian work experience – do not apply for these young people. By definition, they have been in Canada for over 10 years, so the bulk of their education and all of their employment experience have been acquired in Canada. Thus, economic exclusion for these young people cannot be explained as a simple matter of immigration settlement that is within an individual’s control.

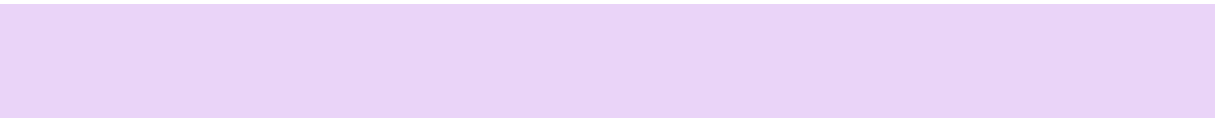
Why is this important? Past recessions demonstrate that entering the labour market during an economic downturn can negatively impact young people's outcomes for a decade or more ([Wolff & Hamilton, 2020, October](#)); and the [Labour Market Information Council \(2020, November\)](#) notes that students and young Canadians are entering the labour market at its weakest point in the modern era. [Frenette, Messacar, & Handler \(2020, July 28\)](#) warn that earning losses for the graduating class of 2020 could extend well beyond the immediate future. If the 2020 annual youth unemployment rates hit 28%, they predict that this year's high school, college, and bachelor degree graduates could lose between \$23,000 to \$44,000 over the next five years – at least as high as the average debt load for postsecondary graduates.

Changes in labour market dynamics due to the pandemic will take an especially heavy toll on young people in four ways:

- 1) a reduction in earnings and employment due to the current wave of job losses;
- 2) the emergence of greater obstacles to finding work, entering the labour market and trying to transition to better jobs;
- 3) disruption to education and training, especially for those who struggle to afford it, which could reduce potential employment opportunities and earnings for a lifetime ([Wolff & Hamilton, 2020, October](#)); and
- 4) heightened anxiety and emotional distress ([U-Report Canada, 2020, July](#)), and further erosion of trust in public institutions ([OECD, 2020, June](#)).

Our capacity to generate fair and stable redistributive institutions depends on addressing intergenerational inequalities that have only been deepened by the COVID-19 pandemic. There is a need for more in-depth and timely information to help young people navigate this altered world of work ([Labour Market Information Council, 2020, November](#)) and to support policy makers in developing strategies that redirect the current fracturing course of COVID-19 toward individual and social well-being for us all.

In early 2021, we will further explore labour market impacts of COVID-19 for Canadian workers over the course of the full year. Watch the [Global Labour Research Centre's](#) website for more of Canada's labour story.



Luann Good Gingrich is Director of the Global Labour Research Centre and Associate Professor of Social Work at York University.

Andrew Mitchell is a research associate with the TASC project, York University and an independent researcher and statistician, Thinking Cap Consulting.