

THE STORY SO FAR: COVID-19 AND THE CANADIAN LABOUR MARKET – COMPARING THE 'GREAT RECESSION' AND THE 'PANDEM-ECESSION'

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COVID-19 and the Canadian Labour Market – Comparing the 'Great Recession' and the 'Pandem-ecession'

Andrew Mitchell and Luann Good Gingrich

The depth and severity of the recession caused by the COVID-19 pandemic has motivated comparisons to the last serious recession in Canada, which began in the fall of 2008 and is considered to have been the most severe downturn since the Great Depression of the 1930s. In the former case, specific government policies led to the crisis, while in the latter, government interventions shaped the impacts.

In the fourth installment in this series of briefs¹ examining labour market impacts of the COVID-19 pandemic in Canada, we use data from the Labour Force Survey (LFS) for those aged 15-64, to compare the recessions of 2008-09 and 2020-21.² Understanding the differences in impacts may help us to shape a precise and effective path forward and out of the current recession. In this brief we will compare the two recessions in terms of the impacts by gender (women versus men³), age, immigration status, wage level, industry, unionization, and firm size. We track labour market impacts through the course of each recession, starting with the reference month, or the month prior to the onset of the recession.⁴

The Great Recession versus the Pandem-ecession

Figure 1 illustrates the tremendous difference between the so-called 'The Great Recession' of 2008-09 and the recession of 2020-21. In 2008, total employment dropped to around 96% of the pre-recession level in the months following Month 1, or October 2008. Employment dropped to its lowest level in Month 6, which coincided with March 2009.

¹ We gratefully acknowledge the 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 \(LFS\)](#).

³ We note that the LFS defines gender in binary terms, requiring respondents to identify as either male or female. While there are important gender inequalities that cannot be examined with this dataset, our emphasis for this series of briefs is the effects of the *devaluation of the feminine*, which is evidenced, in part, by the uneven labour market effects of COVID-19 for men and women.

⁴ In 2008-09, Month 1 coincided with October 2008. In 2020, Month 1 was February. Obviously, seasonality may play some role in the level of employment, as the numbers employed but absent from work typically rise in the summer. For this reason, we have used total employment, including both those at work or employed but absent from work, in this indicator.

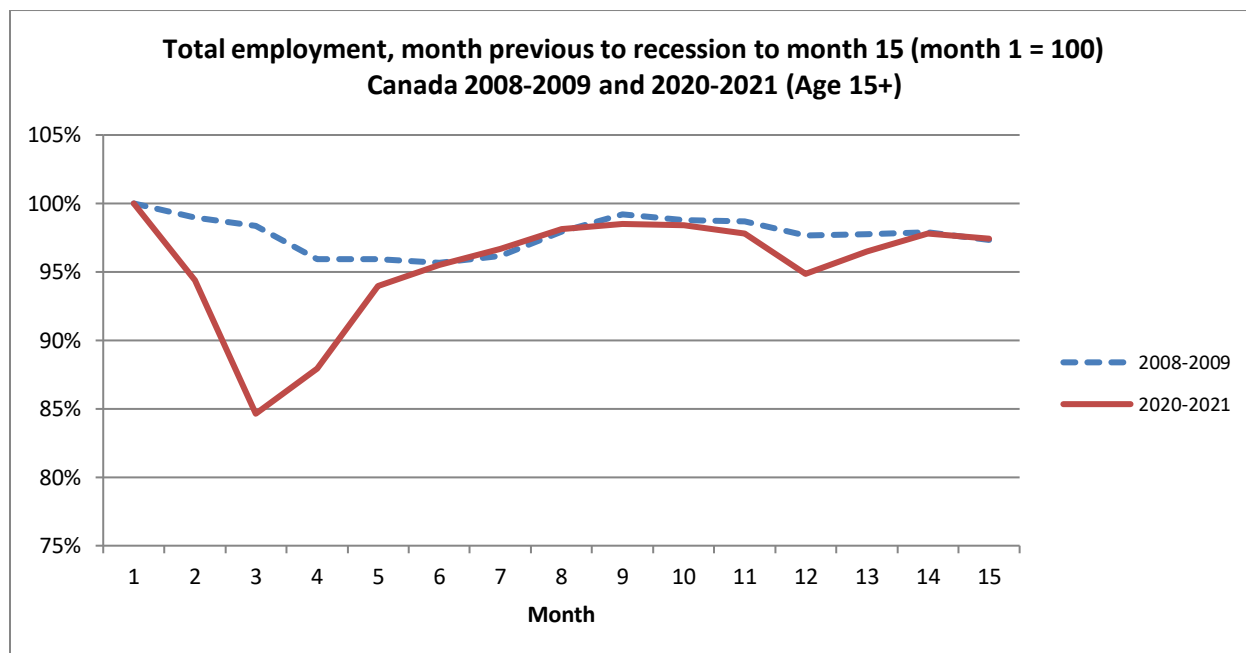


Figure 1

In 2020, by contrast, employment dropped precipitously, and further than in 2008-09. By Month 3 (April 2020) employment had fallen 15%, to only 85% of the pre-recession level. By Month 6 (July 2020), the first wave of the pandemic had waned, the economy was gradually reopening, and employment had recovered enough to match the level at month 6 of the 2008-09 recession. As we will see, this was due in large part to seasonal employment, especially among younger workers.

From Month 6 onwards, employment in 2009 gradually recovered, but remained slightly below pre-recession levels until the end of 2009 (Month 15). The dips in employment in 2020-21 coincide with government-mandated shutdowns following the onset of the second and third waves, although they were much less severe than the first shutdown of the economy.

Gender and the 'she-cession'

The recession of 2020-21 has been termed the 'she-cession' highlighting the differential impact of the pandemic on the employment of women. (See also [Brief #2](#) in this series.) Noting concerns that women are losing ground in labour markets all over the world, including Canada, the United States, the United Kingdom, and the European Union, some economists are promoting the importance of a feminist recovery plan or a 'she-recovery'.

Figure 2 illustrates one feature of this she-cession, as employment among women fell to about 83% of the pre-recession level, while among men it fell to 86%. Moreover, employment among women was slower to recover, and had not completely closed the gap with men by the Month 15 mark (97% versus 98% of pre-recession employment in April 2021).

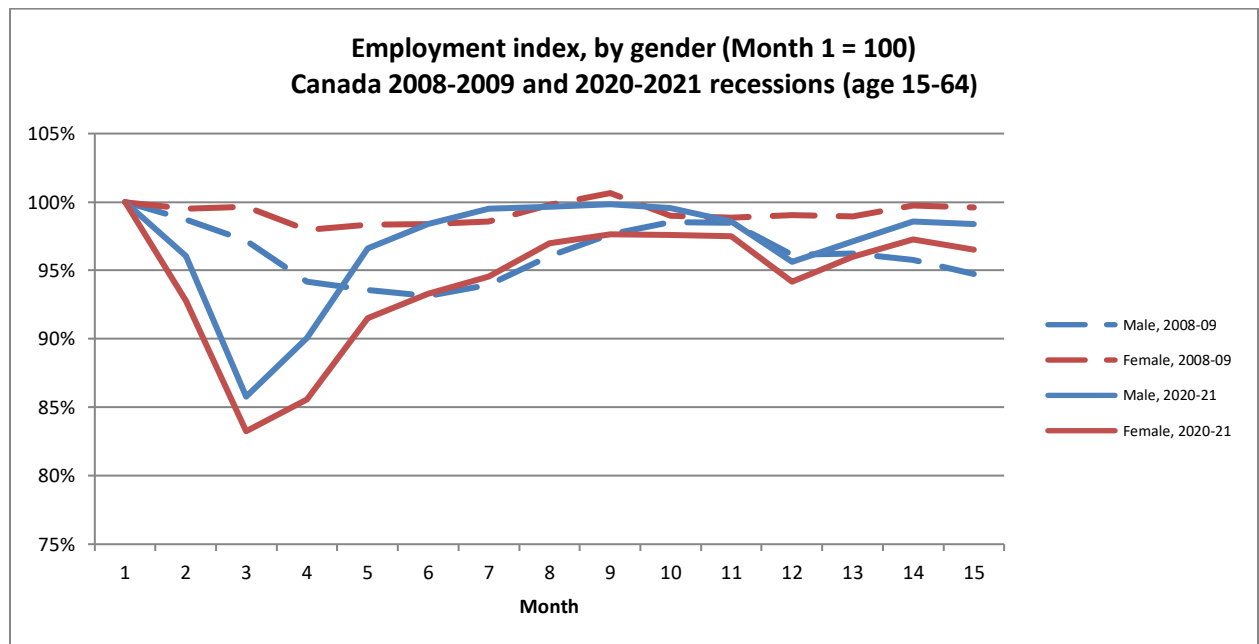


Figure 2

In 2008-09, it was men who experienced the larger employment losses, falling to 93% of their pre-recession employment, compared with women, whose employment never dipped below 98% of pre-recession levels throughout the entire period.

In 2020-2021, younger women left the labour market in large numbers, but their enrollment in post-secondary education increased compared to the previous year. There was no increase among young men. Consequently, the increase in the rate of young women (aged 15-29) who were not in employment, education, or training (NEET) was one percentage point higher in September-October 2020 than the previous year, compared to four percentage points higher for the same-aged young men. (See Statistics Canada [report](#) entitled "Gendered impacts of the COVID-19 pandemic on the proportion of youth neither in employment nor education at the start of the school year".)

Age

In 2008-09, there was a clear age pattern to job losses (Figure 3). The youngest workers suffered the largest decline in employment, with the declines more or less falling in magnitude for each successive age group. Apart from a predictable spike during the summer months, younger workers continued to lag older age groups, with the oldest cohorts close to or above their pre-recession employment levels by December 2009.



Figure 3

In 2020-21, younger workers again suffered the most immediate and dramatic job losses, with older age cohorts more tightly clustered. (See also [Brief #3](#) in this series.) Nevertheless, we see an age pattern to job losses in the spring of 2020, as workers aged 25-34 had the next largest declines, followed by those aged 55-64, and those aged 35-44. The smallest losses in jobs were experienced by those aged 45-54. By the end of 15 months (April 2021), youth recovery still lagged that of all older cohorts who were tightly clustered around 98-99% of their February 2020 employment levels (Figure 4).

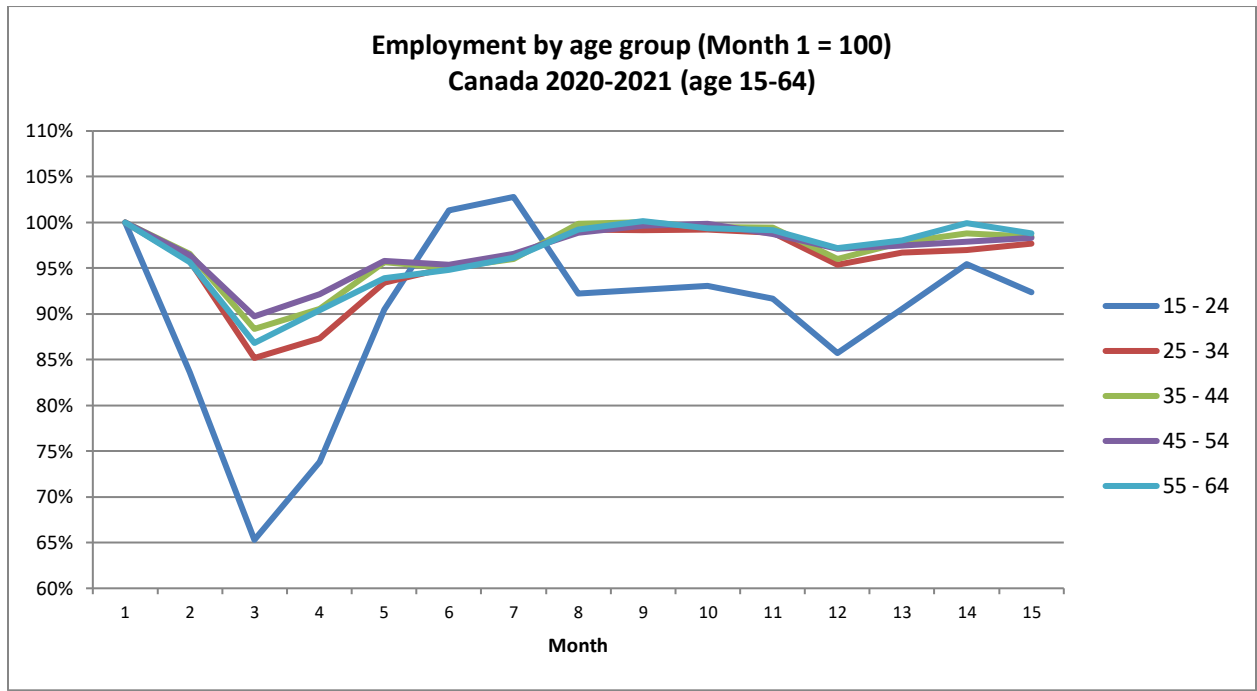


Figure 4

Immigration Status⁵

In 2008-09, it was recent immigrants (those who landed 10 years or less previously) who suffered the largest drops in employment, falling to around 87% of pre-recession levels seven months after the beginning of the recession. The next most seriously impacted group were those born in Canada, whose employment dropped to 96% of their pre-recession level. Long-term immigrants (those who landed more than 10 years previously) appear to have been largely unaffected as a group (Figure 4).

⁵See also [Brief #1](#) in this series. We note that the “immigrant” and “non-immigrant” classifications we use are reductionist, covering over important distinctions by race, as well as the full range of “immigrant” and “refugee” admission categories. This analytical precision is not available with this dataset, as the LFS does not further disaggregate the immigrant variable. We know, however, that in 2016, 83% of recent immigrants in Canada were racialized (Statistics Canada, 2016 Census public use micro-data file, author’s calculations).

In 2020-21, it was again recent immigrants who suffered the steepest drop in employment, falling to 80% of the pre-pandemic level in Month 3 (April 2020). Unlike 2008-09, the next steepest drop was among long-term immigrants who fell to 83% of pre-pandemic employment. And unlike 2008-09, there was no group that remained untouched. Those born in Canada also saw their level of employment drop to 86% of the February 2020 level.

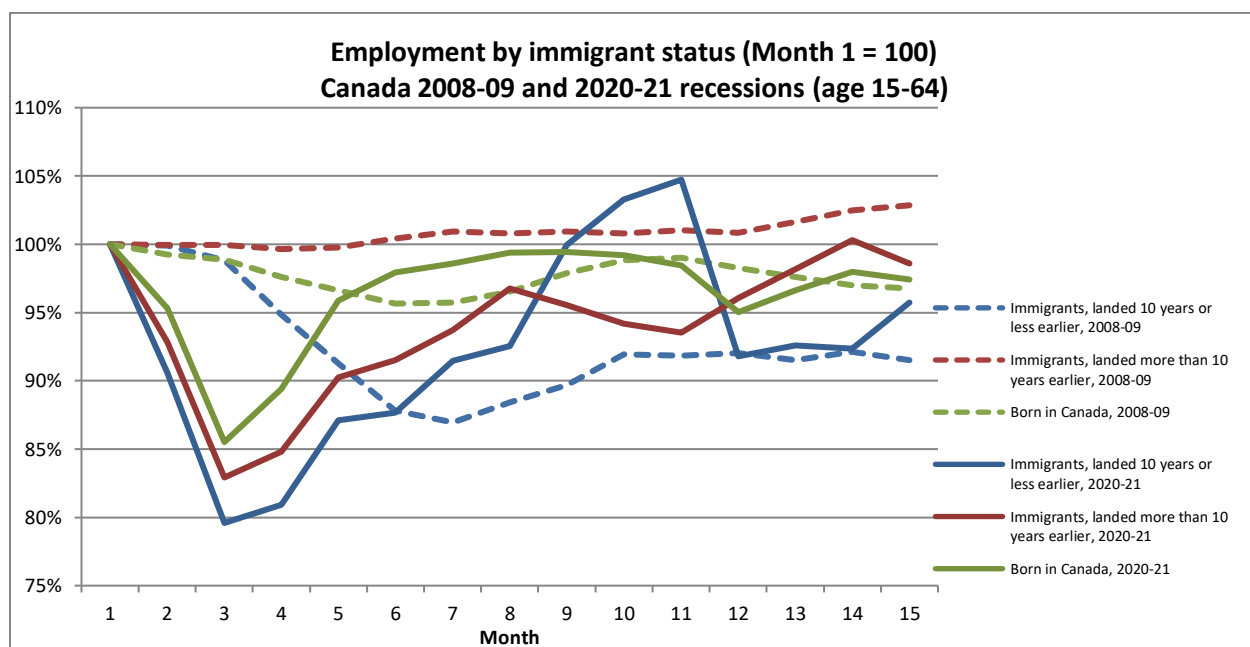


Figure 5

Low Wage

A comparative analysis between this recession and the last reveals notable differences for low-wage workers (Figure 6)⁶. In the current recession, low-wage workers were much more severely affected with employment falling to only 64% of the pre-recession level in April 2020, compared to 87% of the pre-recession level for those not considered low-wage. In subsequent months, employment returned to pre-recession levels among the non-low-wage workers, while low-wage workers have never surpassed about 90% of their pre-recession level. Furthermore, there is a clear pattern of low-wage employment stalling or declining with each new wave of infections.

⁶ We define low-wage as up to 125% of the provincial minimum wage.

In 2008-09, low-wage workers were also more heavily impacted, but the gap between them and higher paid workers was much narrower. At the six-month mark of the 2008-09 recession, low wage workers were at 91% of their pre-recession employment, while higher paid workers were at 97% of their pre-recession levels. At the end of fifteen months, both groups had recovered to 97% of pre-recession employment levels.

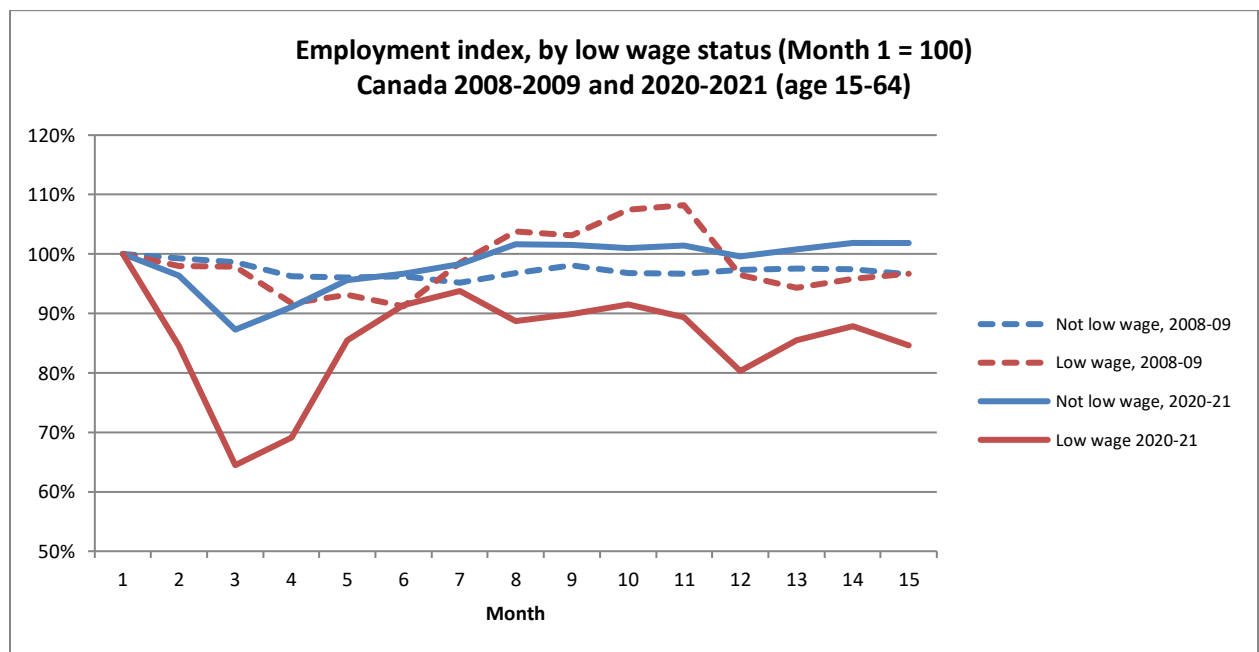


Figure 6

Industry

Industry is another important point of comparison between the two most recent recessions, and may aid in explaining the differential impacts among demographic groups. Figure 7 shows the drop in employment from pre-recession (October 2008 and February 2020) to the lowest point in each recession (March 2009 and April 2020).

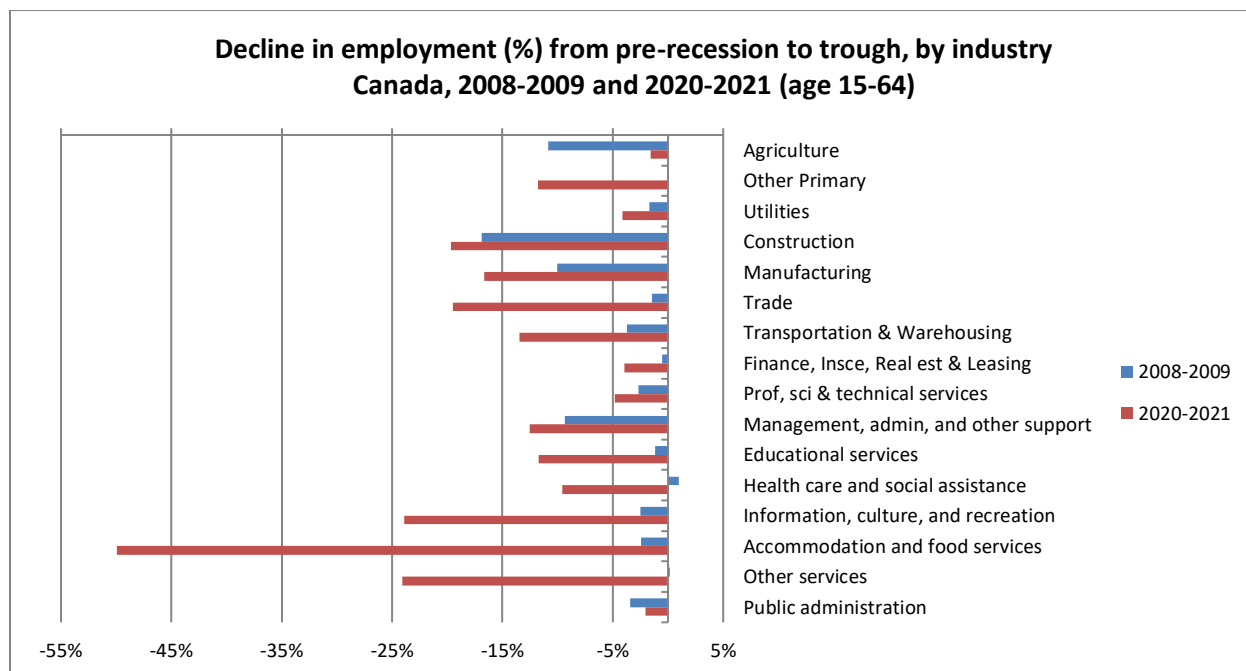


Figure 7

In 2008-09, the largest drops in employment from pre-recession to the trough six months later occurred in Construction (-17%); Agriculture (-11%); Manufacturing (-10%); and Management, Administration and Other Support (-9%).

In 2020-21, job losses were much larger and more precipitous, with the trough occurring just two months after the pre-recession peak in February. In that time, the number of employed fell by nearly 2.8 million, representing a drop of over 15%, while the number of employed and at work (not absent) fell by around 4.7 million. All industries experienced significant employment losses, however some of the largest were in Accommodation and Food Services (-50%); Information, Culture and Recreation (-24%); Other Services (-24%); Construction and Trade (-20%); and Manufacturing (-17%).

The other notable aspect of the comparison is that in 2008-09, job losses—while more significant in certain industries—were more evenly spread among industries, while in 2020-21, they were much more concentrated in a few industries. The variance of the percentage drop in employment across industries was nearly six times larger in 2020-21 than in 2008-09.

Unionized versus non-unionized

In 2008-09, the difference between job losses among unionized and non-unionized workers was not large, in the order of a 2% to 3% gap, with those who were not union members or not covered by a collective agreement experiencing slightly larger losses. In 2020-21, the difference was much more pronounced, with non-unionized workers experiencing much larger employment losses. In April 2020, employment had declined about 20% among non-unionized workers compared with 10% among unionized workers. Although the gap closed over time, there remained a 3% gap in April 2021. This corresponds with the industries in which job losses were concentrated, which tended towards non-unionized, younger, and lower wage workers.

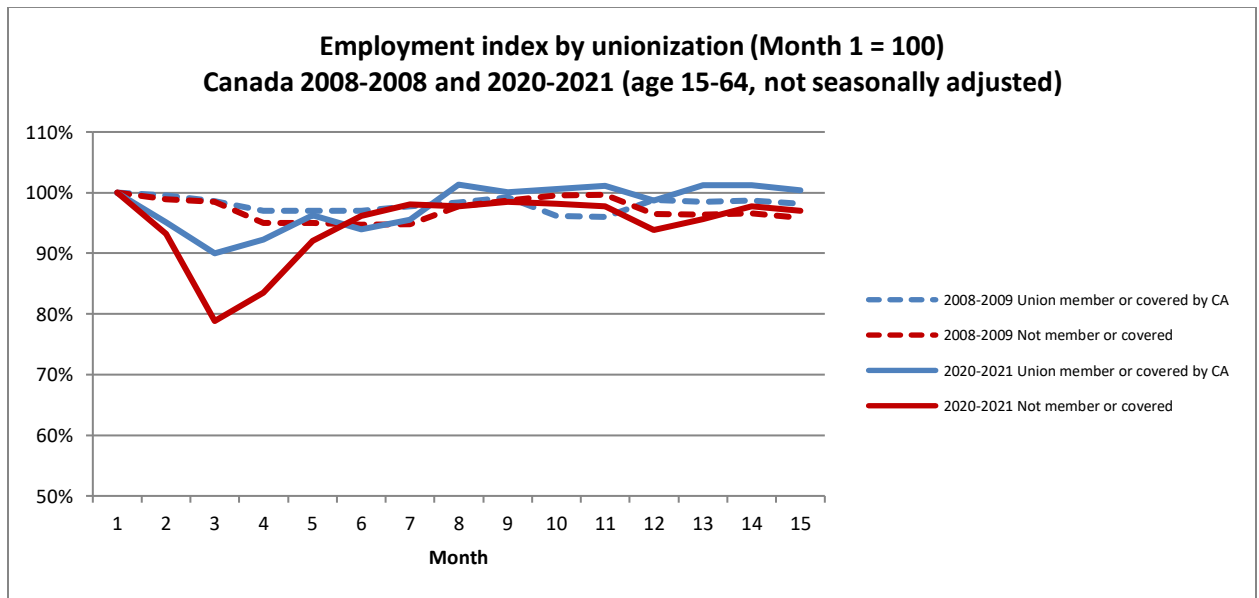


Figure 8

Size of firm

Finally, we compare the two recessions on the basis of the size of firm. Smaller firms were most affected initially in 2008-09 (Figure 9). Medium-large firms (100-499 employees) appear to have been the least affected. Larger firms, though, were slower to recover. In fact, by December 2009, medium-large firms had barely recovered any ground from the trough of March 2009. The smallest firms experienced a recovery coincident with summer employment for youth, but then fell back again and ended 2009 more or less at the low point of the trough.

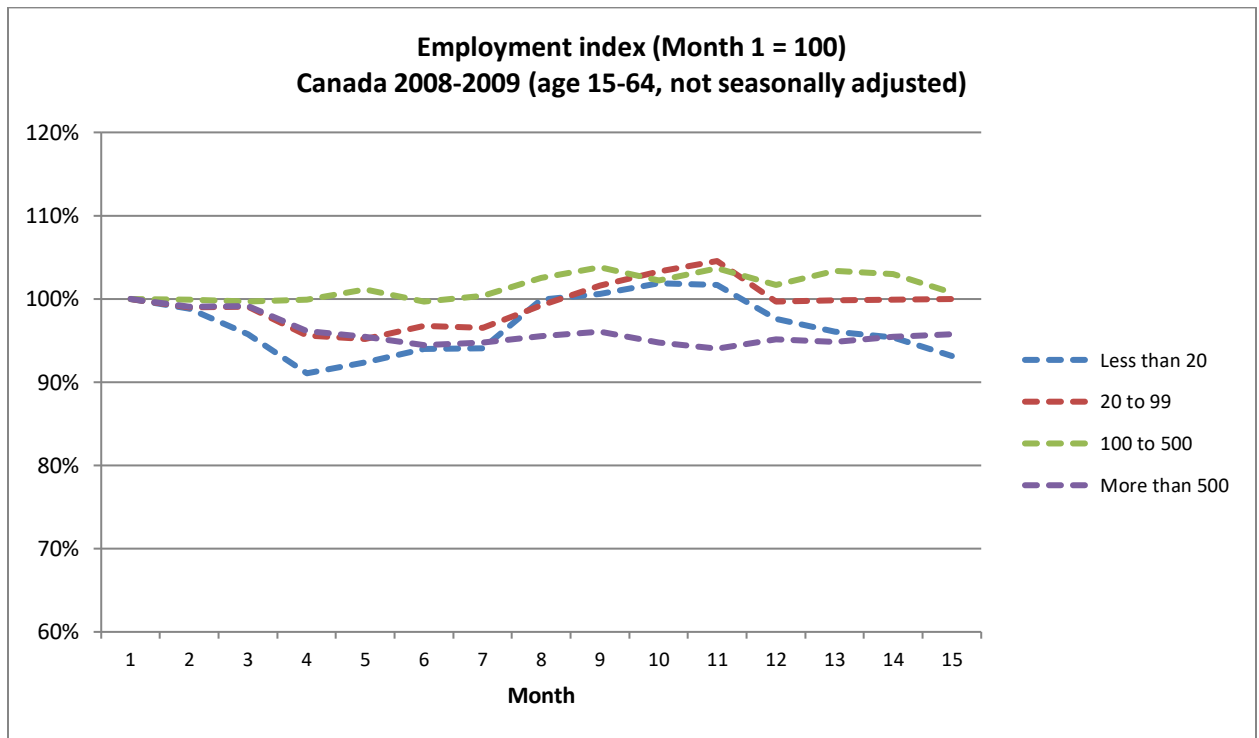


Figure 9

In 2020-21, it is clear that the smallest firms suffered the greatest losses. The smallest firms recovered and lost employment with various waves and shutdowns, while the next largest group remained stuck at 90-95% of pre-recession employment (Figure 10).

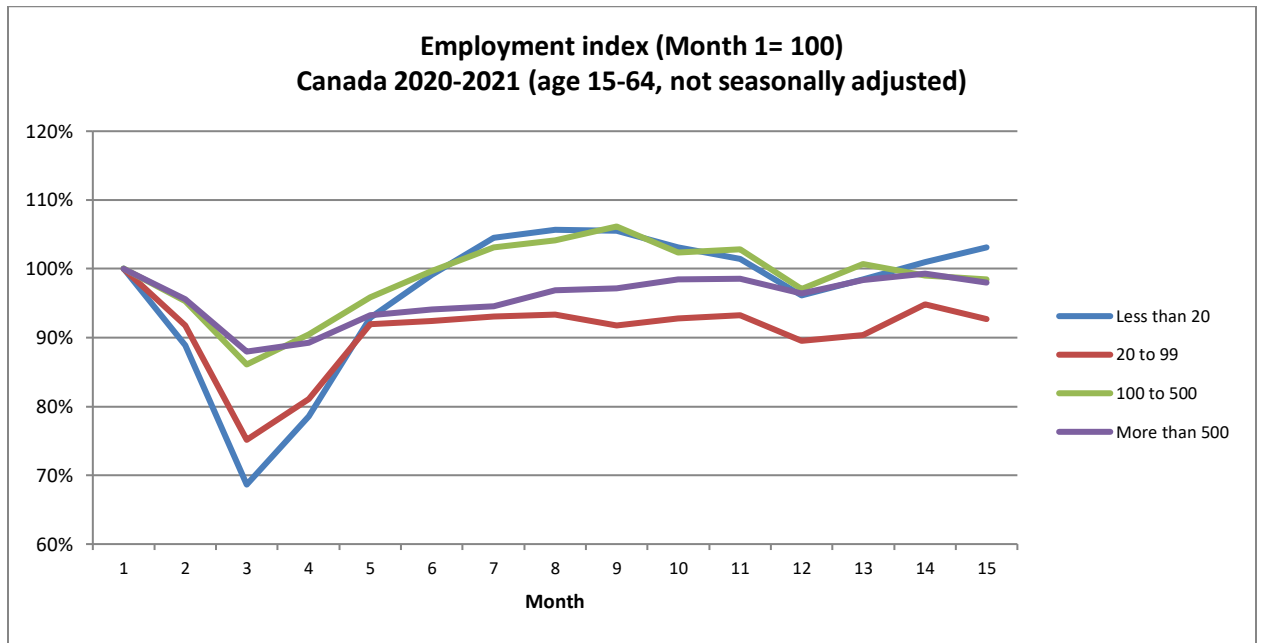


Figure 10

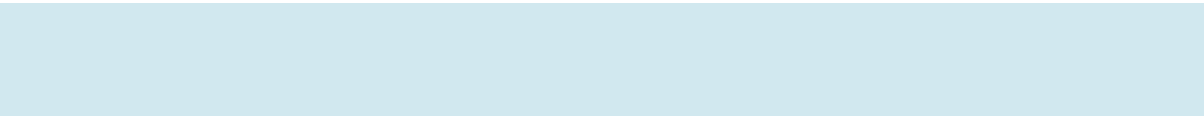
Once again, this likely reflects the industries that were hardest hit by government-mandated closures of so-called non-essential services.

Conclusions

What can we learn about economic and employment recovery from this comparative tracing of labour market outcomes in the two most recent recessions? We draw the following main conclusions:

- The impacts of the both recessions are clearly most severe for people working low-wage, non-unionized jobs. We also know that women, new immigrants and racialized workers, and young people are more likely to be relegated to these jobs.
- While identifying the current recession as a 'she-cession' may support calls for a much-needed and long overdue national childcare program, the term inaccurately suggests that employment and income losses are equally severe for all women. We are experiencing a she-cession only to the extent that women—especially young racialized women—are more likely to work in the industries and low-wage jobs that have been most impacted.
- Our analyses reveal that, especially for the current recession, occupational status (or class) matters. Further supporting our findings, Messacar, Morissette, & Deng (with Statistics Canada) [reported](#) in June 2020 that women (in general), workers with higher earnings, and those with more education are more likely to be able to work from home and therefore less likely to suffer a loss of income.
- The current recession has exposed a regressive trend in Canada's labour market, as its [polarized](#) and hierarchical structure is markedly more pronounced than the previous recession. This [fractured structure](#) works to privilege white Anglo masculinity, resulting in intersecting patterns of systematic devaluation of young, female, non-unionized, new immigrant and racialized workers and their labour.
- We argue that economic recovery must be precisely targeted toward a universal goal of closing employment, wage, and income gaps defined by gender, immigration status and race, and age.

Our analyses so far have highlighted the importance of examining a wide range of social and economic factors and their influence on the profoundly uneven experiences of the "pandem-ecession". In our next brief, we will use regression modeling to continue our investigation of labour market impacts of COVID-19. With an eye to detail and precision, we will look for the story beneath the story.



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