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Canada's "He-cession"

Men bearing the brunt of rising unemployment

By Trish Hennessy and Armine Yalnizyan

If you agree that Canada's recession started in October 2008, then the nation is entering its ninth month of the worst recession since the Great Depression.

The first eight months of recession data have come in, and the figures paint an early picture of a recession that, at this stage, is concentrated in particular regions of the country, and mostly among men of prime working age.

The recession is affecting Canadians from all walks of life and all parts of the country, but it could easily be portrayed as an Ontario-cession, an age-cession, and, above all, a he-cession.

Nationally, the ranks of the unemployed are swelling to new and troublesome heights. In May, Canada's official unemployment rate reached 8.6%. But if you count the underemployed (part-time workers who would prefer to be working full-time) and those who got discouraged and simply stopped looking for work, Canada's broader unemployment rate is more like 11.3%.

In raw numbers, about 370,000 Canadians have been thrown out of work since October 2008, and that includes people 'adding' jobs by identifying themselves as self-employed.

Across Canada, 217,000 manufacturing jobs have been lost since October 2008, shrinking the manufacturing sector by almost 11%. Ontario alone has lost almost a quarter of a million jobs since October (245,500) from every sector, though the manufacturing sector was hit hardest in that province. Like the downsizing phenomenon of the 1990s, many of these jobs are not temporary shut-downs.

That's helping to contribute to Ontario's higher unemployment rate, which is 9.6%—the highest it's been in 15 years. In fact, Ontario accounts for 66.4% of all jobs eliminated in Canada to date in this recession.

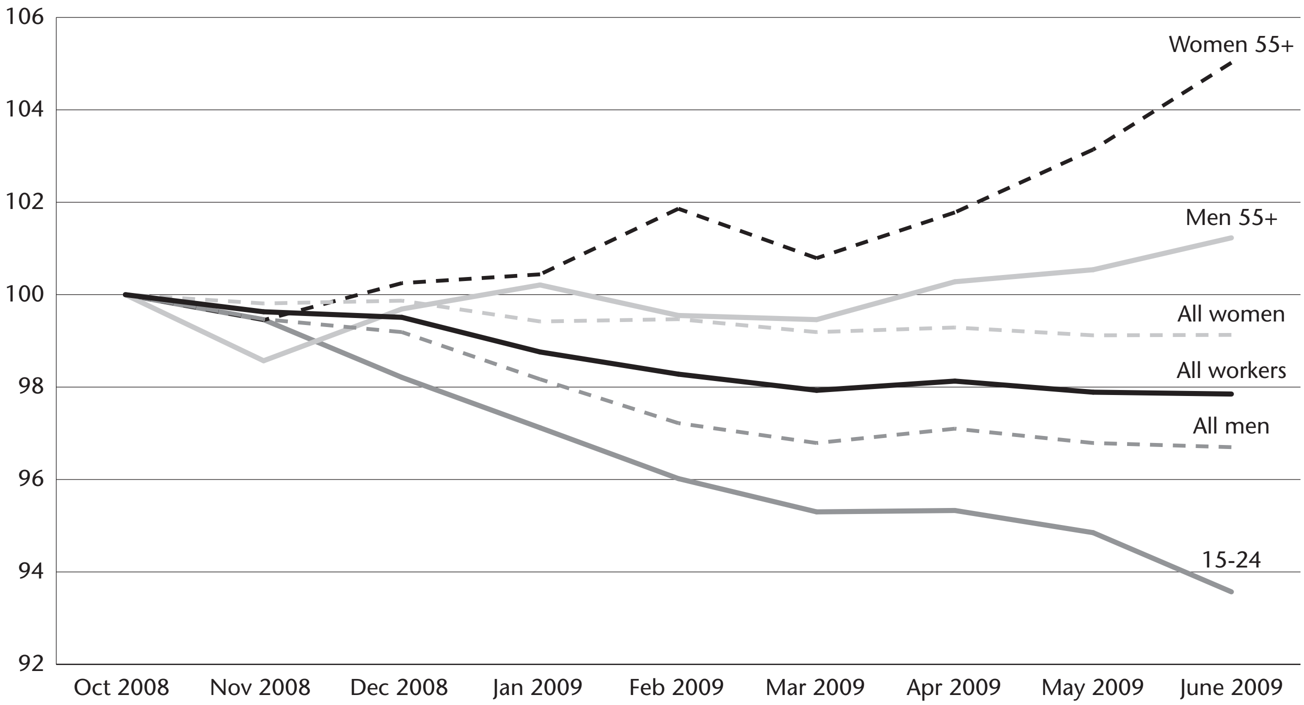
In the U.S., they've begun calling the recession there a "he-cession," because 80% of American workers whose jobs have been wiped out are men.

In Canada, we're experiencing a he-cession of our own: 71% of Canada's unemployment victims in the recession thus far are men. Canada's official unemployment rate for men in June was 9.2%, compared to 6.8% for women.

Since January of this year, Canada's unemployment gender gap has been wider than at any time since Statistics Canada began collecting gender unemployment statistics on a monthly basis, in 1976.

Going forward, that gender gap in unemployment is likely to narrow—Canada is still in the early stages of recession and the next wave of job layoffs will hit more service sector workers, primarily women.

Chart 1: Who's Getting Hit in This Recession? Employment, Canada, by Age and Sex
(100=October 2008)



The bottom line is that, early on, this recession is hitting both men and women hard, but men in particular are taking a hit in ways Canada hasn't seen in a very long time.

As in the recession of the 1990s, more women over 55 are working as the recession deepens. Since October 2008, Statistics Canada data show an additional 60,000 women aged 55 and over were working, the majority full-time (70%). That's a 5% increase. No other group in the labour market, including men over 55, has seen such a trend.

Most of the workers deprived of their jobs are between the ages of 25 and 55, which is different from the recessions of the 1980s and 1990s, which ushered in the "freedom 55" era of golden handshakes for older workers.

Not so this time. In any recession, some job creation offsets job reductions. This recession has an unexpected twist: there were actually 78,000 more workers aged 55 and over in June than there were at the beginning of the recession, a 3% increase since October.

The job market is shrinking, but primarily for workers under 55. Almost two-thirds (63%) of the losses have been borne by workers aged 25-54.

Young workers are also taking it on the chin. Workers under 25 make up 15% of Canada's labour market, but they account for more than one third (37%) of the nation's job reduction since October.

But economists keep talking about "green shoots," so there must be positive news somewhere—and there is.

Saskatchewan is leading in job creation numbers in Canada, boasting the lowest unemployment rates (4.6%) in the land.

Will that last? In previous recessions, a burst of unemployment in the bleeding-edge provinces spread like a contagion across the whole country.

However long this recession lasts, and whatever number of provinces are swept up in its reach, the question for Canada, and especially for Ontario, is: what will the nation's job market look like once those much-touted green shoots actually sprout into a full-blown recovery?

If the last two recessions are any indication, it could take years to bounce back. After the 1990s recession, it took a full seven years for Canadians to recover the level of full-time jobs available before recession took root.

Already in this recession, Canadians are turning to part-time work to keep households afloat — but is it enough to keep the mortgage hounds at bay? Canadians have never entered a recession with so much household debt. Massive, possibly permanent job loss, especially for men in their prime working years (aged 25–55) can take a toll on a family's income and on a nation's health.

How can Ontario transition out of a manufacturing-based economy and position itself to be competitive in a globalized market?

What's more — and we often lose sight of this — Canada entered this recession ignoring some pretty significant social and economic problems.

Income inequality was at its all-time worst, despite a decade of unparalleled economic prosperity that benefited the richest 20% of Canadians and left the majority working harder and smarter for a shrinking share of the economic pie.

Canada's economy had grown to become the ninth biggest on the planet, yet poverty rates were not much better than in 1989, when Parliament unanimously declared that wasn't good enough and that Canada should eliminate child poverty by the year 2000.

Prosperity had turned into a hollow promise, and the opportunity to turn economic growth into a plan that worked for the majority of Canadians was largely squandered.

Our governments focused on tax cuts instead of on solutions to these pressing problems, and, as citizens, we let them.

Now, with the impending crisis of climate change, the challenge of building an economy that is both fair and sustainable is becoming an imperative.

There is cause for hope.

Canada has a strong tradition of learning from moments of crisis, using them to invest in public programs that grew the middle class and gave more Canadians the opportunity to get an education, own a home, or find the health care they need.

This recession presents a similar opportunity to think big, invest in one another, and make the best out of a really bad situation.

The many faces of this recession suggest the need for creative solutions may indeed be greater than ever. But to get there, there's also a lot of baggage we have to leave behind.

Like the notion that we're better off if the government simply gets out of the way.

The lesson coming out of today's global economic meltdown is that lax government rules make room for risky ponzi schemes and hurt whole economies in the process.

So far in Canada, it's working-age men who are paying the steepest price for that strategy.

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