The 'she-cession' is real and a problem for everyone [1]

Counterpoint: There will be no recovery without a she-covery, and no she-covery without childcare

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EXCERPTS

Recently on this page Philip Cross, former chief economic analyst at Statistics Canada, called me a "superspreader" of the "myth of a she-cession." I'm certain my analysis is not nearly that contagious but I'll take it as a backhanded compliment and seize the opportunity to spread some facts.

In March, I did dub this COVID-induced recession a "she-cession." Until COVID-19, most recessions have been driven by job losses among men (mostly well-paid, in goods-producing industries), while the first stages of recovery have been led by women who accept whatever work is available (generally lower-paid service-sector jobs). COVID-19 turned the pattern of "he-cession" followed by "she-covery" on its head.

As COVID hit, women lost 62 per cent of the jobs shut down in February and March, almost all in the service sector, many in low-wage sectors like retail, hospitality and personal services. By April, men had almost caught up with the job losses (1,468,000 fewer jobs for men compared to 1,537,000 fewer jobs for women). But because more men are in the labour force than women, that translated into one in every six jobs for women (a 16.9 per cent decline) versus one in every seven for men (a 14.6 per cent decline).

By May, as the economy began to rebound, men led the recovery parade, accounting for 67 per cent of the newly recovered jobs. Over the summer, economic activity steadily resumed, especially in bars and restaurants. By September, with the reopening of schools, the she-covery had almost caught up to the he-covery. Still, of the over 350,000 jobs still missing in September compared with February, women's losses accounted for 85 per cent, There were actually 12,000 more prime-age men (aged 25-54) working in September than there had been in February. By contrast, prime-age women were still short 95,000 jobs.

Job loss isn't the pandemic's only labour market impact. Many people are still employed but are working many fewer hours than they had been. That's particularly true for women. As Statistics Canada's "underutilization" metric shows, COVID-19 has also increased the number of workers who have lost more than half their usual hours of paid work and the number who have given up looking for work. Underutilization peaked at 36.7 per cent of the potential labour force in April, up from 11.3 per cent before the pandemic struck. Women have been consistently more underutilized than men every month since February — at least when it comes to paid work!

Of even greater concern: lower-paid workers are not rebounding as quickly as higher-paid workers. Women, youth and non-whites disproportionately populate the lower-paid category of workers. And now it's getting harder for lower-paid workers, especially female parents, to get back to work, as childcare spaces become scarcer. Already in short supply, childcare is treated as a business, not a public good; and many of these businesses have shuttered under the weight of higher costs and lower revenues because of the pandemic. In places like Toronto, September's enrolment in regulated childcare was 37 per cent of pre-pandemic levels due to the reluctance of parents to expose their children to contagion and of workers to risk illness in return for getting paid less than a zookeeper. If over half our roads and bridges were at risk of collapsing, governments would have a plan. But when it comes to childcare's role as essential social infrastructure, there's nothing. The macroeconomic result is a stalling or even reversing recovery, as purchasing power gets pinched.

Do the math. Household spending fuelled 57 per cent of GDP prior to the pandemic. Households with kids are the largest block of spenders, accounting for 35.4 per cent of all households; and women contribute 42 per cent of the incomes of these households. Only a minority of workers can work from home (39 per cent, according to Statistics Canada) and now even some of those people are starting to throw in the towel after seven months of juggling paid work and full-time but unpaid childcare and home-schooling. The people most likely to "quit" this untenable — but utterly fixable — situation are women. Which may explain why in September, as an additional 54,000 men joined the labour market, 57,000 women left it. This is the first time in decades we've seen such gendered differences.

A prolonged she-cession throttles back recovery for everyone. Lack of childcare is the policy-sensitive chokepoint of a she-covery. Metric after metric demonstrates that the she-cession is a fact, and demands a different recovery playbook than traditional "shovel-ready" infrastructure responses or an austerity agenda that claims we can cut our way out of the recession. There will be no recovery without a she-covery, and no she-covery without childcare. The sooner we accept the simple facts of pandemic economics, the sooner we can stop making things worse than they need be.

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Links

[1] https://childcarecanada.org/documents/child-care-news/20/10/she-cession-real-and-problem-everyone [2] https://financialpost.com/opinion/opinion-the-she-cession-is-real-and-a-problem-for-everyone [3] https://childcarecanada.org/taxonomy/term/7864 [4] https://childcarecanada.org/taxonomy/term/9038 [5] https://childcarecanada.org/category/tags/womens-labour-force-participation