



HIGHLIGHTS

- During recessions, men have always borne the brunt of job losses, and this time was no exception
- **But, compared to the prior two recessions, fewer jobs were shed by men as a share of the job market**
- **The large number of men losing their jobs during recessions is due to their high concentration in cyclically sensitive industries**
- **By extension, these industries tend to bounce back more strongly during the early stages of the recovery, and we are already seeing evidence of this in the data**
- **It's not an argument of women versus men in the job market. The gender that does better during economic recoveries boils down to which industries rebound strongly and then looking at the concentration of genders within those industries**

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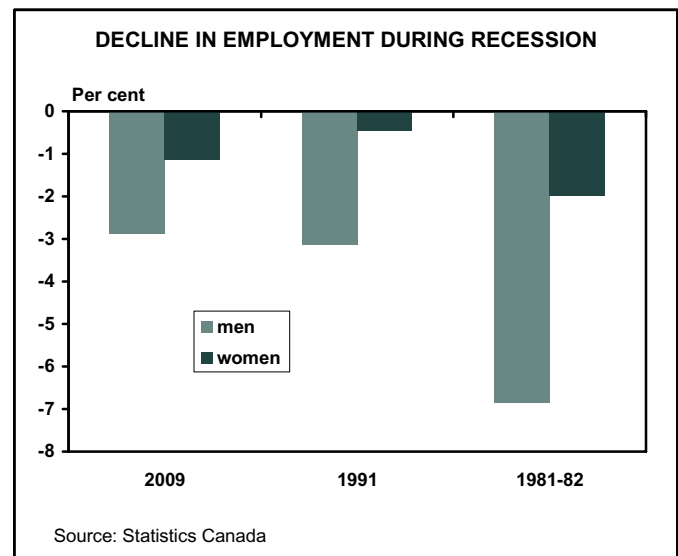
**BATTLE OF THE SEXES:
MEN FARE WORSE DURING RECESSIONS,
BUT WHAT ABOUT RECOVERIES?**

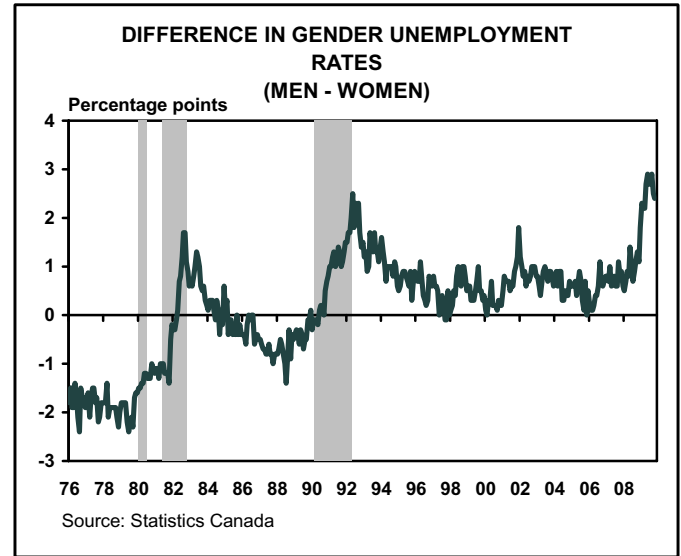
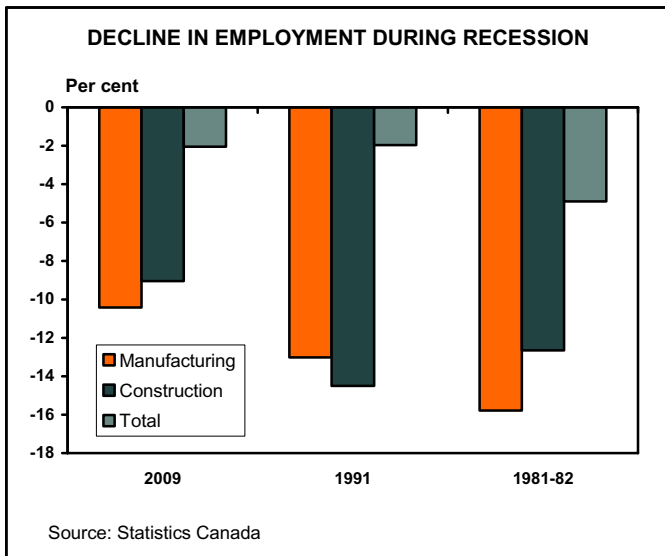
There's an unwritten rule in our department that if an economist is asked a question three times at different speaking events, it's time to sit down and write a research note to address that question for clients. Consider this a pre-emptive strike. Over the course of one week, I have been asked two separate times if a sea change is underway in the Canadian job market reflecting a modern twist on the battle of the sexes. The two-part question was this: Why have men suffered more than women during the recession job downturn, and will they continue to fare poorly during the economic recovery relative to women?

There is a strong cyclical undercurrent that happens during recessions, so the answer to the first part of the question is pretty straight forward. During recessions more men lose their jobs than women for two reasons. First, size matters. There are

simply more men in the labour market and, hence, the probability of job loss is greater for men. Second, and more importantly, men are more highly concentrated in cyclically-sensitive industries, like manufacturing and construction. These are among the first industries to bear the weight of an economic downturn. Among the 414,000 jobs lost during the recession, manufacturing payrolls were slashed by 218,000 positions, while 120,000 construction jobs were lost. It's safe to say these job losses were suffered predominantly by men, who represent 71% and 90% (respectively) of the workforce in these industries. If you're thinking that the men were particularly hard done by in this recession, think again. As the above graph attests, the percentage decline in jobs held by men in this recession was actually less than either of the prior two recessions, while women fared worse this time around than the 1991 recession.

By extension, the unemployment rate for men typically rises at a faster rate than women during a recession. At the end of the 1982 and 1991 recessions, the male unemployment rate had risen substantially above that of women, gapping as high as 2.5 percentage points at the end of the 1991 recession. This time around, the gap at the peak had widened even further to 2.9 percentage points. This brings us to answering the second part of the question: Will men continue to fare poorly





during the recovery relative to women?

Not necessarily. Because of the concentration of men in cyclically sensitive industries, it is these same industries that tend to outperform the broader economy when a recovery takes hold. Evidence has already emerged in both the construction and manufacturing sectors that this trend is happening again. The former sector has seen nearly 41,000 jobs added back to its ranks since August, while the manufacturing sector has posted 13,000 new employees to its payrolls. Not bad for an opening performance in the preliminary stages of the economic recovery, especially considering that a total of 93,600 jobs were created in the Canadian market thus far. Likewise, the unemployment rate for men has already come off its peak of 10% to sit at 9.7% in November. While the unemployment rate for women has held at its peak of 7.3%. This is a typical phenomenon that occurs during a recovery, where the gap in the unemployment rates between the two genders begins to compress again.

So, in reference to the questions brought forward by the clients, it's really not an argument of women versus men in the job market. The gender that does better during the recovery usually boils down to which industries are anticipated to rebound strongly and then looking at the concentration of genders within those industries. For instance, with low interest rates fueling the housing market and renovation activity (with demand for the latter further propelled by the home renovation tax credit that expires February 2010), it's no wonder that construction jobs are making a quick comeback, a trend we expect to continue through the first half of 2010. However, there could be pay-back in store thereafter

for workers in this industry when mortgage rates start to rise and pent-up demand in the housing market dissipates.

We anticipate the manufacturing sector will be among the growth-leaders in 2010, but the rebound in output will be a small fraction of the ground lost during the recession. And, the recovery may be more pronounced in terms of output than employment, in that productivity should rise in the sector. Thus, many men may find themselves permanently or in long-term displacement - from returning to work in this sector. The wholesale trade sector is anticipated to be another growth-leader during the first year of the recovery – again a sector that is disproportionately represented by a male workforce.

However, not all new job postings in 2010 will favour male-dominated industries. Approximately 55% of the female workforce is concentrated in the service sector, with a particularly high representation within the health and education industries, at 68% and 82%, respectively. Post-recession history has looked favourably on these two industries, with hiring activity outperforming the broader economy in the first year of recovery. Both industries are proving true to form in the early stages of this cycle, as they have added a combined 71,000 new positions in the past four months, all of which have been to the benefit of women. However, in this regard, we have one caveat. With provincial and federal governments under pressure to rein in large deficits, the early strong momentum in these jobs is unlikely to be sustained in 2010.

So to return to the original questions, it should be re-phrased to ask which sectors will be in demand in 2010, rather than which gender.



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