COVID19 and the Canadian Labour Market: Lessons for Policy

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COVID and the labour market

• Overview of the impact.

• Lessons for policy.
1981 recession
Change in Employed-at-Work from onset of recessions

Source: Labour Force Survey @kevinmilligan

Who was affected?

See Lemieux Milligan Schirle Skuterud (2020):

- Low-wage workers.
- Hourly vs salaried.
- Public-facing industry/occupations.
- Women more than men.
- Young.
How do non-workers get classified?
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- **Laid off**: ‘Unemployed’ if searching.
- **No search**: Falls out of the labour force
- **Furlough**: Employed-absent
Loss in Employed-At Work

April 2020

Feb-Apr total: 5,404,000
Ready
rematches

Many in LFS categories that indicate good likelihood of a ready rematch.
Ready

rematches

• Employed-absent: get called back from furlough?

• Unemployed: temporary layoff

• Not in labour force: awaiting recall
Ready rematches recover 82% by July.
Seeking new jobs

Increase in Unemployment
Compared to February

- Apr: 1,285,000
- July: 1,074,000

Diagram showing:
- Future starter
- Permanent layoff + job leavers
- Temporary layoff
- New and re-entrants
COVID Labour market summary

1. **Impact**: women, low-wage, hourly-paid, young, public facing.

2. **Mostly temporary**: Most “ready rematches” (+3.2 million: 82%) now returned to work.

3. **Some longer term**: Now seeing increase (760K) in ‘typical’ unemployment. Seek new jobs.
Lessons for Policy

1. Covering the uncovered.
   • Self-employed; part-time.
   • Do they want coverage?
   • Did pandemic change attitudes?
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   • CERB was smooth.
   • Can we apply this to EI? Social Assistance?
   • Integrity / enforcement / public reactions to mistakes.
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   • Normal tradeoff: generosity vs search effort.
   • Obviously different tradeoff during COVID so far.
   • Macro impact of household expenditure maintenance.
Thank you!

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