

# Intelligence MEMOS



From: Tammy Schirle and Moyosoreoluwa Sogaolu  
To: Canadians Concerned about Gender Equity  
Date: February 20, 2020  
Re: **THE BROAD AND PERSISTENT WAGE GAPS IN CANADA'S LABOUR MARKET**

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A wide range of federal and provincial legislation is intended to ensure every Canadian has an equal opportunity to participate in and benefit from work in the Canadian labour market.

Despite this, we invariably see evidence of large labour market disparities between different groups of individuals. In our recent C.D. Howe Institute [Commentary](#), we used microdata files from the Statistics Canada labour force survey and the census to sample individuals aged 25-54.

This enabled us to describe the wage gaps that persist among groups working full-time in the private sector: between men and women, between individuals who are white, Indigenous, and members of visible minority groups, and between non-Indigenous individuals who were born in Canada and those who were not.

We first examined hourly wages of men and women. Women's hourly wages in the private sector were 27 percent less than men's in 2000. By 2019, that gap had narrowed to 19 percent.

A large part of this can be attributed to differences in men's and women's job characteristics. For example, men in the private sector are more heavily represented in higher-wage industries like construction or oil and gas, while women are more heavily represented in lower-wage industries such as retail services or accommodation and food services.

This segregation of men and women across industries reflects a wide array of supply- and demand-side factors.

We also examined the 2015 annual earnings of Canadian-born men and women who are white, Indigenous, and members of visible minority groups. After adjusting earnings gaps to account for group differences in demographic and job characteristics (including education, industry, and occupation), there remain substantial gaps between Canadian-born white men and all other groups of Canadian-born men and women with similar characteristics.

The largest gap is observed between Canadian-born white men and Indigenous women. We further examine the gaps between Canadian-born white men and immigrants by visible minority status.

Overall, the results demonstrate complex interactions between the roles played by gender, racial identity, and immigrant status in affecting labour market outcomes.

Addressing these labour market gaps is challenging. There are many factors underlying the earnings differences between groups, representing challenges on both the supply and demand sides of the market.

Private sector pay and employment equity legislation has been limited in application and effectiveness. Policy can be directed toward improving education and training across fields in which women, Indigenous peoples, and members of visible minority groups are underrepresented. Family-friendly policies are also important for shaping labour market opportunities.

Our aim is to update our knowledge of the Canadian labour market, examine how various factors underlie observed earnings gaps, and assess the role that gender, racial identity, and immigration status continue to play in labour market outcomes.

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