

Intelligence MEMOS



From: Tammy Schirle

To: Canadians Concerned about Gender Equity

Date: March 8, 2021

Re: **THE ILLUSION OF A NARROWING GENDER WAGE GAP IN 2020**

The gender wage gap in the private sector has narrowed – from 18.7 percent in 2019 to 16.9 percent in 2020. In normal times, this would be remarkable. But 2020 was not normal, and this narrowing gap is not a good-news story.

Following up on last year's [Commentary](#) (in which Moyosoreoluwa Sogaolu and I documented the very slow narrowing of wage gaps for women and visible minorities in the Canadian labour market), I used the same regression framework to measure the extent to which women's hourly wages (among full-time employees in the private sector) were, on average, lower than men's.

The (unadjusted) wage gap appeared to decrease, by 1.8 percentage points. However, we have to account for what underlies the changes in the average wage.

It's well [documented](#) that job losses throughout the pandemic were not evenly distributed across the labour market. Overall, COVID-19 job losses hit workers with the least bargaining power the hardest – women, young workers, and those with the lowest wages.

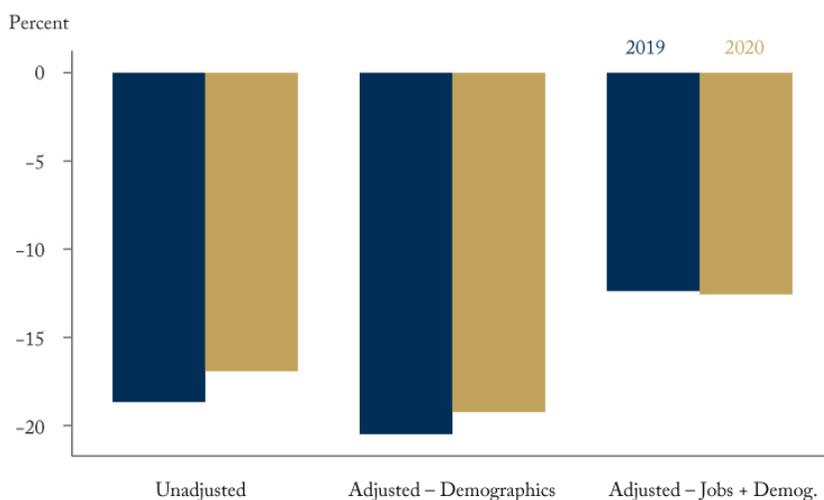
What does that mean for average wages? Consider an analogy from Patrick Brethour ([in *The Globe and Mail*](#)): Suppose a coach cut the slowest sprinters from a team. The average of the remaining runners would be higher, even if none of the athletes actually ran a faster race.

In the 2020 labour market, we see that layoffs among the lowest wage workers resulted in a higher average wage among those who continued to work. Because more low-wage women experienced job loss than low-wage men, women's average wage rose more than for men, and the gender wage gap appeared to narrow.

So, what if we tried to account for the different pandemic experiences of men and women? I also calculated the 2020 adjusted gender wage gaps that account for gender differences in demographic characteristics such as age and education. I further adjust for gender differences in job characteristics, which would account for the distribution of men's and women's jobs across industries and occupations in each year – something that clearly shifted in 2020. Once adjusted, so that the gender wage gap better represents a more apples-to-apples comparison between men's and women's wages, we see no change in the wage gap between 2019 and 2020.

Apart from a reminder of the wage gaps that persist between men and women, this is also a reminder that the measures we often use to characterize our labour markets must be used with caution. The surveys administered, and the metrics we construct, were designed for monitoring a labour market moving through the normal ebbs and flows of the business cycle. In this pandemic, we need to think deeper.

The Gender Hourly Wage Gap in the Private Sector among Full-Time Workers
Aged 25-54



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The views expressed here are those of the author. The C.D. Howe Institute does not take corporate positions on policy matters.

Note: Negative values reflect the extent to which hourly wages are less than men's, using a regression framework as in Sogaolu and Schirle (2020). Adjusting for demographics accounts for gender differences in education, age, marital status, the presence of young children and province of residence. Adjusting for job characteristics accounts for union coverage, tenure, industry and occupation.

Source: Author's calculations using the Labour Force Survey public use files.