

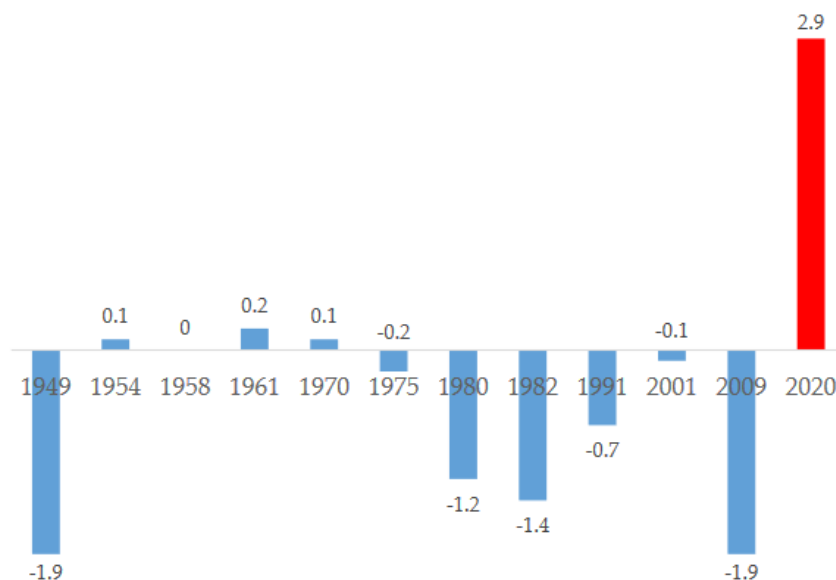
COSME

Committee on the situation
of women in economics

Newsletter 2020: Research summary

This Time It's Different: The Role of Women's Employment in a Pandemic Recession Michèle Tertilt (University of Mannheim)

Figure 1: Difference between Rise in Women's and Men's Unemployment, US Recessions from 1948 to 2020



Before Covid-19, the most recent economic recessions in the United States have been “mancessions,” meaning that employment losses were larger for men than women. This time, it is women, rather than men, who have experienced larger employment losses and higher unemployment. Figure 1 displays the difference between the rise in women’s and men’s unemployment in every recession in the United States since 1948. Unlike in all previous recessions, women’s unemployment has risen much more than that of men during the current recession—a 2.9 percentage point gap between February and April of 2020. Moreover, the gap in the rise in unemployment is also larger in absolute value than during any other recession; there has never been a recession that has affected workers of one gender so much more than the other.

Why does a pandemic recession have a disproportionate impact on women’s employment?

Regular recessions lead to large employment losses especially in construction and manufacturing, both sectors with a high male employment share. In contrast, in the current recession employment losses have been greatest in high-contact service sectors such as restaurants, hospitality, and travel. These are sectors where women represent a large share of the workforce.

An even more important factor is childcare: Continuing closures of schools and daycare centers have greatly increased parents' childcare needs and reduced their ability to work. We argue that women's employment is more strongly affected than men's by increased childcare needs.

How is a “shecession” qualitatively different from a “mancession”?

In married couples, women are more likely than men to be the secondary earner, and their labor supply is more elastic than that of men. One consequence of married women's more elastic labor supply is that their earnings can serve as a shock absorber when men lose employment in a typical recession. In contrast, we find that within-family insurance is more limited during a pandemic recession. In a “shecession”, married men cannot provide the same kind of insurance for women's job losses, because most have little room to increase their labor supply.

Implications

We find that a pandemic recession has sizeable repercussions for gender inequality. In the short and medium term, a pandemic recession erodes women's position in the labor market which leads to a widening of the gender wage gap during a pandemic recession and in its immediate aftermath. Also, during the crisis the drop in women's employment reduces families' ability to self-insure against earnings losses. For the economy at large such changes result in a drop in aggregate demand, which can deepen the recession and slow down the recovery. The lack of self-insurance also implies that income support payments (such as expanded unemployment insurance) are even more important compared to other recessions. Moreover, a full recovery is impossible as long as school closures continue, because childcare needs will prevent many parents from returning to work.

Nevertheless, we also argue that a pandemic recession can trigger changes that ultimately reduce gender inequality over the longer term. Specifically, the rise in telecommuting and work flexibility during the pandemic recession is likely to persist beyond the crisis, and will disproportionately benefit women who have major childcare responsibilities. We also note the possibility of shifting social norms towards a more equal division of childcare obligations between mothers and fathers, triggered by an increase in men's childcare provision and those men who suddenly became the main childcare provider out of necessity during the crisis.

References:

[This Time It's Different: The Role of Women's Employment in a Pandemic Recession](#), Titan Alon, Matthias Doepke, Jane Olmstead-Rumsey, and Michèle Tertilt, NBER Working Paper No. 27660, August 2020.

[The Impact of COVID-19 on Gender Equality](#), with Titan Alon, Matthias Doepke, Jane Olmstead-Rumsey, and Michèle Tertilt, *Covid Economics: Vetted and Real-Time Papers*, Issue 4, 62-85, April 2020.