

LABOUR FORCE PARTICIPATION RATE OF WOMEN WITH YOUNG CHILDREN

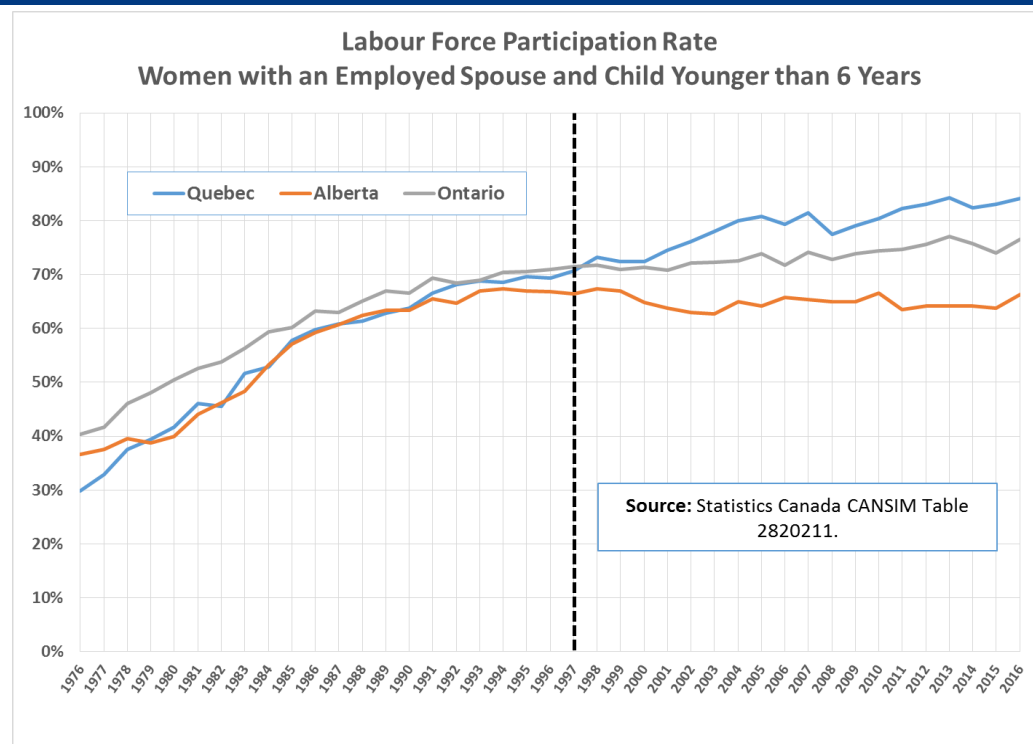
In Alberta, the percentage of women with young children and an employed spouse, who are active in the workforce has remained unchanged since the early 1990s.

The labour force participation rate is a measure of the percentage of a well-defined group of individuals that is an active participant in the labour force. That is to say, they are either employed or actively seeking employment. The graph shows the labour force participation rate, in Alberta, Quebec, and Ontario, of women with an employed spouse and at least one child under the age of 6 years. Data is shown for each year since 1976.

In Quebec in 1976, only 30% of women with an employed spouse and a young child were actively engaged in the work force. The percentage was higher in Alberta (37%) and Ontario (40%), but still well-below what we observe today. Between 1976 and the mid-1990s, the participation rates were increasing by similar amounts in all three provinces. Since that time, the participation rate of women with at least one young child has continued to increase in Quebec and, to a lesser extent Ontario, but it had stagnated in Alberta.

The rapidly rising labour participation rate for women in Quebec coincides with the introduction of a program of low-cost daycare in 1997.

What might explain these relative movements? One possibility is the effect of a social policy. In 1997 (marked by the dashed vertical line),



the government of Quebec introduced a policy of providing relatively inexpensive childcare. Comparing the low cost of childcare with employment income, more women in Quebec may have found it advantageous to choose employment. This argument carries weight when we note the faster increase in the participation rate in Quebec than in Ontario, an economy with a similar economic experience over this period, but without heavily subsidized daycare. But what of Alberta? Beginning in the mid-1990s Alberta enjoyed an economic boom that fueled a rapid increase in incomes. One possibility is that growth in childcare costs was even faster than the increase in incomes, making it disadvantageous for women with young children to seek employment. An alternative possibility is that household income grew sufficiently large as to enable Alberta households to be able to afford only one wage earner. If income growth slows down in Alberta there may be pressures on households to establish a second earner. If so, lessons from Quebec might be worth learning.