SOCIAL POLICY TRENDS

INTERNATIONAL TRENDS IN FEMALE EMPLOYMENT RATES

Women are playing a larger role in the workforce than ever before, but not in the U.S.

The employment rate measures the percentage of the adult population of working age (15-64 years) that is an active participant in the labour force (full-time or part-time). A high employment rate enables countries to finance government programs with moderate rates of taxation, and in high employment countries there tends to be less pressure on social programs. Countries with low employment rates are less able to fund services and face greater social pressures.

The employment rate provides a better measure of economic performance than the unemployment rate because it considers not only individuals who are unemployed but also those who have been discouraged to look for work.

Among OECD countries, Canada has a higher than average female employment rate but lags countries that have more generous parental leave and child care policies.

The table ranks select OECD countries according to their female employment rate every 5 years from 1996 to 2016. We focus on the employment rate of female adults. This is in part because international differences in female workforce participation have drawn the attention of Canadian trade negotiators and in part because women’s labour force size reflects government policy with respect to child care. We focus on the 20-year trend, as changes from year-to-year may be the result of temporary recessions or expansions. The fall in the relative position of the United States is remarkable. It is the only country in the table, and in the entire OECD, whose female employment rate has fallen compared to its rate in 1996. Interestingly, over the past 20 years Mexico, Canada’s other partner in NAFTA, has seen its female employment rate increase from 37% to 45%.

Other notable increases over the past 20 years include Spain (from 34% to 55%, a remarkable increase of 21 percentage points), Germany (from 55% to 71%), Italy (from 36% to 48%), France (from 52% to 61%), and Japan (from 57% to 66%). To appreciate the significance of these changes, it is helpful to understand that if the US employment rate was the same as Canada’s in 2016, an additional 6.5 million women in the US would have been employed.

Small differences in the employment rate have significant economic impacts and implications. The table also highlights the high female employment rates in Nordic countries with generous child care and parental leave policies. If in 2016 Canada had the same female employment rate as Sweden, an additional 590 thousand Canadian women would have been employed.


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