

Finance Canada was cautious on linking child care to women at work: documents ^[1]

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The Liberals hope their daycare budget pledge will help more women join the workforce, but newly released documents suggest federal finance officials were once cautious about a lack of data allowing them to connect those dots when growth is slow.

The Liberal government has promised to spend \$7 billion on child care over the next decade -- in addition to \$500 million this year -- to make daycare more affordable and accessible, which, the March 22 budget document pointed out, could also make it easier for parents to work or improve their education and skills training.

Much of that argument is based on the experience in Quebec, where the labour force participation rates of women increased after the province brought in a subsidized, low-fee and universal child-care program in 1997 as part of a package of reforms targeting families.

According to a commonly cited 2012 study led by Pierre Fortin, an economist at the University of Quebec at Montreal, the child-care program in Quebec allowed 70,000 more mothers with children under the age of 14 to hold jobs in 2008 than would have otherwise been the case.

Federal finance officials, writing in a report produced during the 2015 election, during which child care became a central topic, suggested a similar boost would not necessarily be replicated on a national scale -- at least not now.

"It is noted that this policy was implemented during a period of strong economic growth in Canada, leading to increased labour demand," said the document, which The Canadian Press obtained in response to an access-to-information request.

"It is not clear that such a policy would have produced the same effects in the context of sluggish economic growth."

Jack Aubry, a department spokesman, said officials there nonetheless believe there is a link between child care and more women in the workforce.

"The Department of Finance continues to believe that access to affordable child care allows greater participation in work, education and training, particularly by mothers," Aubry said Tuesday in an emailed statement.

The economic advisory council that has been recommending ways for Finance Minister Bill Morneau to boost economic growth in Canada also suggested exploring a universal, subsidized, child-care program along the lines of the Quebec model in its February report.

Last month, the Fraser Institute also cast a critical eye on the link between the Quebec child-care program and female participation in the workforce, in a report suggesting that other factors -- including employment insurance reform in 1996 -- could have played a role.

Fortin disputed their findings in a response paper earlier this month, noting his and similar peer-reviewed studies had come to their conclusions after isolating the effect that access to child care had from other factors.

"The unanimity of conclusions from these multiple independent sources constitutes compelling evidence that a significant share of the increase in Quebec mothers' labour force participation since 1997 can indeed be attributed to the low-fee, universal, child-care system introduced in that year," Fortin wrote.

Armine Yalnizyan, an economist and business commentator, said the need for child care is far from being met.

"The analysis that economic growth would trump whatever public policy measures would be put into place (would be true) if the market for child care was operating at equilibrium," she said. "It is not. There is massive excess demand in the system for high-quality, regulated child care at affordable prices."

Lisa Kelly, director of the women's department at Unifor, said that even if slower growth means fewer jobs available overall, access to child care can still mean good things for gender equality.

"I would argue that low-cost child care -- accessible, affordable, good-quality child care -- supports women being in the workforce in

whatever proportion of jobs there are available," she said.

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