

Canada is behind the pack when it comes to encouraging its citizens to have kids ^[1]

Author: Vanmala Subramaniam

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The nuclear family is no longer the most common type of household, according to new census data from Statistics Canada. It has in fact been superseded by the single-person household — almost one-third of Canadian households now consist of just one person.

Now, even if you're not living alone, you're not necessarily having kids. Between 2011 and 2016, according to the 2016 Census, the number of couples living without children rose faster than the number of couples living with children. Right now, the proportion of couples living with at least one child is the lowest it has ever been on record.

So what's really going on here? Why are an increasing number of Canadians childless and living alone, well into their adult life?

The most obvious answer, of course, is the demographic pattern we've witnessed in developed countries since the 1970s — as more and more women enter the workforce, family sizes start shrinking. Children are an expensive undertaking. Because fewer women play the role of caretaker, families tend to have not more than two children, and more often than not, none at all.

But in Canada at least, there's another problem — the lack of direct government incentives to mitigate the demographic trend towards childless singlehood.

"There is no direct incentive to increase the fertility rate in Canada. There are indirect incentives like education grants, and some childcare benefits, but they aren't targeted across the board at every single Canadian," says Parisa Mahboubi, Senior Policy Analyst at the C.D. Howe Institute.

Canada is not yet facing a declining population, only because of our progressive immigration policies. But we're moving in that direction — in 1960, there were 3.8 births for every Canadian woman. Right now, that number stands at 1.6 births. If you factor out immigration, we will need 2.1 births for the population to renew itself.

"Childcare is a massive expense in this country. If you have two children, you're looking at at least \$20,000 each year," says David MacDonald, Senior Economist at the Canadian Centre for Policy Alternatives. "Some new parents don't recognize how expensive it is, which might lead to them delaying having a second child. Those are big public policy issues that have yet to be substantially addressed."

[Graph indicating a rise in the number of single person households in Canada from 1951 to today; from 7% in 1951 to just under 30% today. Can be viewed in the online article. Provided by Statistics Canada.]

The Canada Child Benefit Plan instituted by the Liberal government in 2015 has been the single biggest program to date that alleviates the financial stress of child care. The program targets families that meet a certain income-eligibility to receive tax-free monthly payments. The lower your income, the more you'll get in child care benefit payments.

But to some extent, you could argue that it doesn't act as a strong enough incentive to encourage people to have more kids. A couple with a combined income of \$120,000 and two children under the age of six, for example, will receive \$4,940 in child care payments per year, a far cry from the \$20,000 needed to put kids through daycare.

It is worth pointing out however, that Canada has one of the best maternity leave programs in the developed world. New mothers receive government-subsidized income payments for up to 12 months — 18 months in some cases.

"Maternity leave can be helpful. But it doesn't change the fact that the cost of raising a child in Canada is high. It's very difficult to live on just one income," says Mahboubi.

When it comes to reversing declining fertility rates, no other country in the Western Hemisphere has done a better job of this than Germany. After three decades of declining birth rates, Germany's birth rate rose to a 33-year high of 1.5 births per woman in 2015, the result of a series of aggressive child care reforms.

(Incidentally, Germany has the most number of single-family households in the developed world – 41.4 percent of German households consist of just one person).

Over the last 15 years, according to a study by Martin Bujard of Germany's Federal Institute for Population Research, the number of child care centres across Germany tripled, allowing women to effectively combine work and family. In fact, every child over 12 months of age is guaranteed a slot in a daycare facility – fully funded by the German government.

Incentives to encourage child-bearing are great, says Mahboubi, but they need to not discourage women from participating in the labour force altogether.

"It's about finding that balance, looking at other countries. Taxpayers may not initially like financial incentives, but I think from everything we have seen the message is quite clear – we need a direct policy initiative around child care costs to reverse our low fertility rate."

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