

Governor of Bank of Canada points to child care, education to help ease protracted employment recovery ^[1]

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EXCERPTS

Governments could increase access to child care and reduce its cost to help the labour market rebound, and reduce the risk of long-term economic scarring for women who have disproportionately felt the brunt of pandemic job losses, the governor of the Bank of Canada says.

Making child care more affordable and available across the country would help more women return to the labour force and stay there as conditions improve, Tiff Macklem said, noting their job numbers have fluctuated as school and daycare openings and closures during the pandemic affects their ability to work.

Women and youth disproportionately felt the brunt of the pain as the second wave of the COVID-19 virus caused more than 250,000 job losses in the last two months, Macklem said Tuesday.

The mounting losses and negative impacts on women threaten years of workforce gains. Macklem said child care and more active labour market policies from governments could act as a buttress and help limit the damage to some women's careers and lifetime earnings.

"We're certainly hoping that as we see stronger growth, as the economy rebounds, we see a rebound in the labour market participation of women and certainly as children go back to school on a permanent basis, as daycares reopen on a permanent basis, that should support it," Macklem told reporters.

"That is something to lean into. This is an opportunity to support recovery, and grow the economy's long-term potential."

Child care is expected to play a role in the federal government's spring budget as the Liberals have vowed to create a national child-care system, seeing it as a key economic measure to aid in a jobs recovery.

The House of Commons finance committee recommended recently that the Liberals start with an initial spend of about \$2 billion this year to kickstart development of a system that experts say will take years to build.

Consultations on the design have taken place behind closed doors, including directly with Finance Minister Chrystia Freeland.

Since Freeland outlined some initial child-care spending items in November's economic statement, months of job gains have gone in reverse. More than 250,000 jobs were lost over December and January, putting the country 858,3000 jobs short of pre-pandemic levels.

Renewed restrictions shuttered schools and businesses, and sent employment figures back to where they were at the end of summer.

Employment fell faster for women than men in January, with a particularly sharp decline for mothers of young and school-aged children.

In a speech to chambers of commerce in Edmonton and Calgary, Macklem said he expects short-term rebounds in job numbers as parts of the country come out of those tight public health restrictions. Vaccines also promise a more sustained rebound coming out of this wave of the pandemic, he said.

Getting back to a healthy labour market is central to the bank's target of low, stable and predictable inflation, Macklem said.

But he warned the damage to the national labour market caused by COVID-19 will not be easily undone, saying that a recovery will be long and protracted. Some businesses and jobs won't come back either because of permanent changes in demand, or the adoption of new technologies, Macklem said.

The rise in remote work could alter the landscape in downtown cores of major cities, Macklem said, reducing demand for transportation, food and other services that would reduce job numbers as well.

Macklem said a silver lining of remote work is the possibility of better matching employees and employers separated by vast distances.

The entire education system, from primary to post-secondary, needs to build in digital skills and literacy development across all disciplines to prepare students for a digital future, he said.

Businesses must do their part as well, Macklem added, saying they can use virtual formats to train more workers at lower costs, or hire workers with employment gaps like youth out of the job during the pandemic through no fault of their own.

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