How the child care crisis became a global economic fiasco [1]

Countries are now trying to reverse a once-in-a-century setback for women workers.

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Source: Bloomberg
Format: Article
Publication Date: 22 Sep 2021

AVAILABILITY
Access online [2]

EXCERPTS

The numbers are crushing: By the end of April last year, less than half of the women in Brazil were employed, the lowest level in 30 years. In Australia, around the same time, nearly a tenth of women exited the workforce, while in Japan, women lost jobs at nearly twice the rate of men. In March, U.S. Vice President Kamala Harris deemed the exodus a “national emergency,” with 3.5 million mothers of school-aged children in the country having left their jobs between March and April 2020.

“You can’t be a prosperous country with half of your workforce sitting on the sidelines,” said Titan Alon, assistant professor of economics at the University of California, San Diego.

The forces driving the global purge of working women are strikingly similar country to country: School shutdowns, day-care center closures, remote schooling and the ensuing juggle between employment and caregiving forced some parents to cut their hours or leave their jobs altogether. Women, who on average get paid less than men, ultimately bore the brunt — abandoning the workforce more frequently than their husbands. Factor in the reality that women were also more likely to work in industries hit harder by the pandemic, and the result is a once-in-a-century crisis.

“Because we lacked a care infrastructure heading in, everything was worse for women and women's labor force participation,” said Wendy Chun-Hoon, director of the Women’s Bureau at the U.S. Department of Labor.

The child-care crisis has driven a workforce gender gap for decades. The pandemic — which some economists have dubbed the U.S.’s first female recession — has made it undeniably worse. According to Oxfam, the pandemic cost women globally at least $800 billion in lost income in 2020, “equivalent to more than the combined GDP of 98 countries.” When it comes to economic growth, Bloomberg Economics research estimates that if labor force participation and education for women were on par with men by 2050, $20 trillion — nearly the size of the U.S.'s annual output— would be added to global GDP.

After ignoring the statistics, some countries are finally addressing their broken child-care systems. Bloomberg examined seven economies to see what new policies — from the incremental to the experimental — have been put in place since the start of the pandemic and what’s still being considered.

Canada

The pandemic’s toll on parents was the final push Canada's government needed to finalize a nationwide child-care plan that first surfaced almost two decades ago.

In 2005, the country’s Liberal government had signed agreements with all 10 provinces to roll out a national child-care program, only to fall apart a year later when the Conservative government took over. Earlier this year, Prime Minister Justin Trudeau took advantage of the pandemic-induced political tailwinds to revive the Liberal plan: The government would invest up to C$30 billion ($23.74 billion) over five years for child care for all families, helping cover half the costs with provinces that sign on to the agreement.

The plan is largely modeled after Quebec’s subsidized child-care program which launched more than two decades ago, and has since enabled more women to engage in the province’s labor market. Trudeau’s program would reduce child-care costs per child to an average of C$10.00 ($7.94) per day by increasing staff and openings for kids in regulated child-care centers. So far, the government has signed agreements with seven of 10 provinces.

The effort risked crumbling again during the Sept. 20 election but the incumbent Liberals earned enough votes to form a stable government. Canadian economist and research fellow at the Atkinson Foundation Armine Yalnizyan says the new policy is critical. “There won’t be a full recovery without a she-covery,” she said, “and there won’t be a she-covery without child care.” —Shelly Hagan

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