

# Counting the cost of nostalgia [CA] <sup>[1]</sup>

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**Source:** Toronto Star

**Format:** Article

**Publication Date:** 30 Jul 2003

## AVAILABILITY

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## EXCERPTS

Suppose the clock could be turned back half a century. Most mothers with preschool children would be at home caring for them. Most families would live on a single income. Most workplaces would be predominantly male.

Michael Krashinsky, who teaches economics in the management faculty at the University of Toronto, finds this back-to-the-'50s fantasy "bizarre," but he decided to cost it out, in response to calls for a return to traditional family values.

He wanted to refute the notion that Canada would be better off if women stayed home until their children started school. He wanted to bring a few facts and figures to the highly emotional child-care debate.

"There is a tendency, from time to time, to look back through rose-coloured glasses at a simpler time when mothers presumably raised large families in houses with white picket fences," Krashinsky said. "But the cost of withdrawing a large number of mothers from the workforce would be enormous."

He began by calculating the earnings of the almost 1 million mothers with preschool children who work.

The vast majority of them - 691,500 women - have full-time jobs. The remaining 286,000 work part-time.

Krashinsky estimated that working mothers earn an average of \$17 per hour. (He updated Statistics Canada's 1998 average hourly wage of \$15.61 for female workers.) He assumed that full-time working mothers put in 36 hours a week and part-timers worked 18 hours a week. That added up to a wage bill of \$26.6 billion a year.

Removing that amount of cash from the economy, Krashinsky calculated, would reduce the gross domestic product by 2.5 per cent

But these stay-at-home mothers would sacrifice more than their paycheques, he pointed out. While they were away, their skills would erode, they would miss out on training opportunities and forfeit promotions. He arbitrarily assigned a value of \$26.4 billion to these losses. That shaved another 2.5 per cent off the GDP.

Even this, Krashinsky argued, would probably be too low. With a smaller workforce - the removal of 1 million mothers would mean 7.5 per cent shrinkage - the Canadian economy would be less productive and less attractive to investors.

His final tally: \$83 billion in lost production, or a 7.5 per cent drop in economic activity.

Krashinsky's numbers are debatable. He makes a lot of assumptions and guesses.

What is beyond dispute is that the entry of large numbers of mothers with young children into the workforce has been one of the major drivers of economic growth in the last 30 years.

Reversing that trend would be staggeringly expensive.

Krashinsky tried, but failed, to come up with a price tag. He posited that it would take a tax break of \$7,500 a year to induce mothers of preschoolers to consider staying home. That would cost the federal treasury \$6 billion.

But previous studies suggested that only half of women with children younger than 6 would respond to this incentive. So Krashinsky raised the tax break to \$25,000. That appeared to be enough to convince the majority of mothers to stay home, but the cost was, in his words "so large as to be absurd."

By comparison, it would take \$5.3 billion to convert Canada's current patchwork of child-care arrangements into a universal, affordable child care and early learning program.

"It might be most appropriate to look on good quality child care as a bargain," Krashinsky concluded. He readily admits that non-economic factors play an important role in family choices.

Most parents feel some degree of ambivalence about leaving their young children in the care of others. Several studies, including one released this month by the National Institute of Child Health and Human Development in the United States, show that day care can be

stressful for very young children. And some commentators claim that children who spend long hours away from their parents in their early years will not bond properly.

While no child development expert, Krashinsky warns parents to look carefully at this research:

\* Much of it comes from the U.S. where babies spend a great deal of time in day care. In Canada, where mothers get a year of maternity leave, infant day care is rare.

\* Many of the findings are much more nuanced than the headlines would suggest. It's true that some children, in some circumstances, do less well in day care than they would at home, but others blossom in a stimulating social setting.

\* Some of the statements commentators make - most mothers would prefer to stay home with their children if they could afford it - are interesting, but not terribly useful. In real life, women have to weigh the financial consequences of their actions.

As Krashinsky sees it, policy-makers have only two practical choices: Provide children with high quality preschool care or tolerate the second-rate system that exists now.

Dreaming of a bygone era might satisfy the needs of nostalgic adults. But it short changes today's children.

-Reprinted from The Toronto Star.

**Region:** Canada <sup>[2]</sup>

**Tags:** economics <sup>[3]</sup>

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