



Labour Market News

January 06, 2012

Jobs Overview — Fourth Quarter 2011

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- *Jobs overview in fourth quarter 2011*
- *Men and Women's unemployment rates during most recent recession*

Special feature:

- *Childcare Policy and Economic Growth*

The Canadian unemployment rate increased slightly to 7.4% in December but overall decreased throughout the past 12 months. The employment rate has changed little for the past 12 months with a small decrease in the fourth quarter, reaching 61.7% in December.

Ontario unemployment kept increasing for the last few months. While employment rates had increased in the first half of the year, rates decreased in the latter half so that employment rates are much the same as in January 2011.

As jobs were created in South-Western Ontario

cities, the employment rate increased over the last 3 months of 2011, despite decreases in the third quarter. The unemployment edged up slightly compared to last quarter as more people were participating in the labour force and looking for jobs.

Kitchener-Waterloo-Cambridge region had a decrease in unemployment in December to 6.6% but the unemployment was generally higher this quarter compared to last one. Less people were participating in the labour force at the end of the year while the employment rate was also lower than it was the last two quarters.

Labour Market News is published quarterly, providing an economist's view of labour market trends and policy issues.

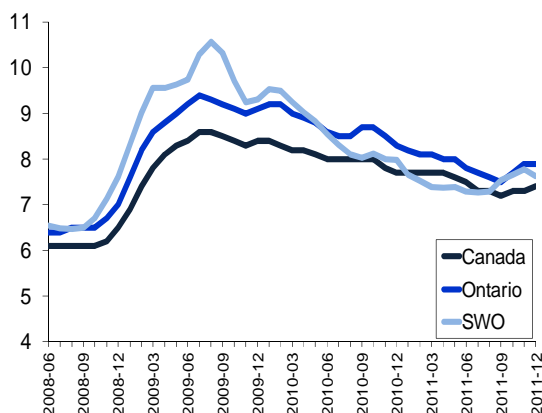


Fig 1. Unemployment rate trends

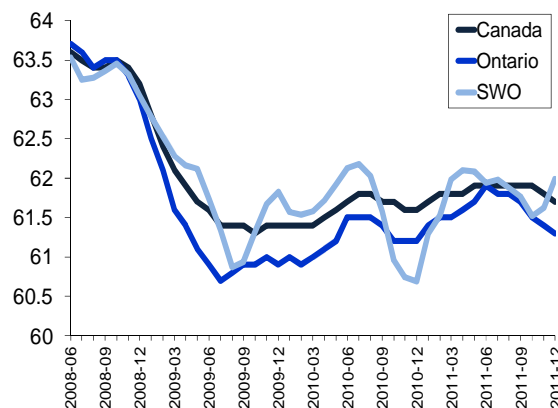


Fig 2. Employment rate trends

Women in Recession Years: Kitchener-Waterloo-Cambridge region Review

Unemployment rates of men and women in Ontario tend to follow the same general trend. However, in September 2008, men's unemployment started to exceed women's. The gender gap in unemployment rates reached its peak in mid 2009, as men's unemployment reached 8.5% and women's unemployment reached only 6.3%.

The gender gap then narrowed as the economy started to recover from the recession. In August 2010, men's unemployment rates actually started to fall below women's, in part because women's unemployment rates continued to

increase slightly through the first half of 2010.

While Hamilton, London, and Windsor followed the same trend as Ontario, the Kitchener-Waterloo-Cambridge area saw less consistency in the unemployment rate's gender differences. For example, in the second half of 2009, women's unemployment peaked at 10.7% while men's dropped to a low of 6.7%. Otherwise, men tended to have higher unemployment rates during the 2008-2010 economic downturn.

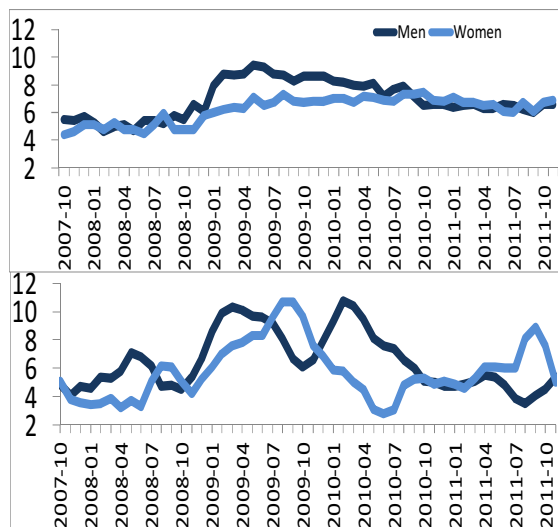


Fig 3. Ontario Unemployment Rates (upper)
K-W-C Unemployment Rates (bottom)

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Childcare Policy and Economic Growth

The pending retirement of the baby boomers has raised concerns about a future slowing of economic growth. Some analysts have suggested that greater labour force participation among women can mitigate the consequences of an older population.¹ Achieving greater participation, however, depends crucially on our childcare policies.

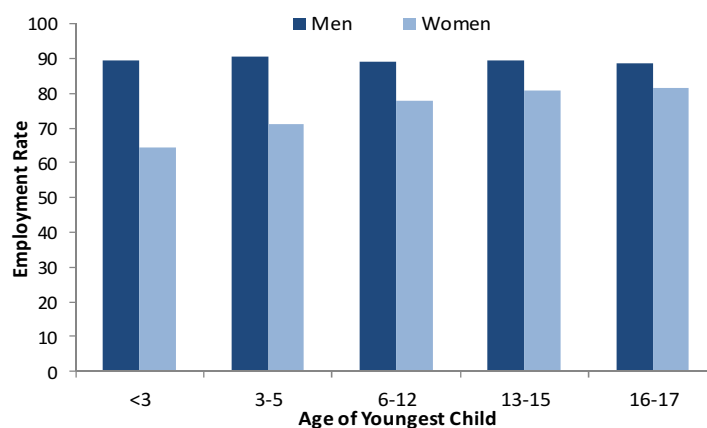
A woman's status in the labour force cannot be easily separated from her status as a mother. While men's employment is not heavily influenced by the age of his children, women's employment is. In November 2011, only 65% of women whose youngest child was under age 3 were employed, while 81% of women whose youngest child was age 13-17 were employed.

Many working moms restrict themselves to part-time hours. One quarter of working moms with young children work part time, and half of these part-timers choose not to work full time so that they can care for their children. For many moms, working part time – or not working in the paid labour market at all – is purely a choice that their family is very happy with. However, quite often the lower likelihood of mothers to work represents a financial constraint related to cost of quality childcare.

In some provinces, relatively inexpensive childcare is available and has been shown to influence women's employment. For example, a study by Kevin Milligan and Michael Baker evaluated the impact of introducing \$5/day daycare in Quebec and found that the employment of women in two-parent families rose by 7.7 percentage points.

Ontario schools have recently introduced full day kindergarten programs for 4 and 5 year olds. While policy makers have focused on the importance of early childhood education, they have not considered how important details of the pro-

Fig 1. Employment Rate by Sex and Age of Youngest Child, Nov 2011



gram might affect their potential for economic growth through women's labour force participation.

For example, Ontario school boards have been given a mandate to offer before and after school care for children age 4-7. In the Ottawa-Carleton District, existing childcare providers would continue to run before and after school programs, preserving costs and allowing childcare providers to offer summer programs for 4-7 year olds.

In contrast, the Waterloo Region has decided to take over these programs with the implication that childcare costs will increase and summer childcare services will not be offered. While high-salary moms will manage these changes in childcare policy, lower-salary moms may not be able to continue their careers. We should expect more women to leave employment or switch to part-time jobs that can accommodate the school-day schedule with summers off.

The availability of well-designed, high-quality, affordable childcare programs is incredibly important. While policy makers tend to focus on child development goals, there should be a comparable focus on the potential for economic growth driven by greater female labour force participation.

¹ David Bloom, David Canning and Gunther Fink. 2011. "Implications of Population Aging for Economic Growth" NBER Working Paper no. 16705.