

THE LABOUR FORCE PARTICIPATION RATE OF WOMEN WITH YOUNG CHILDREN

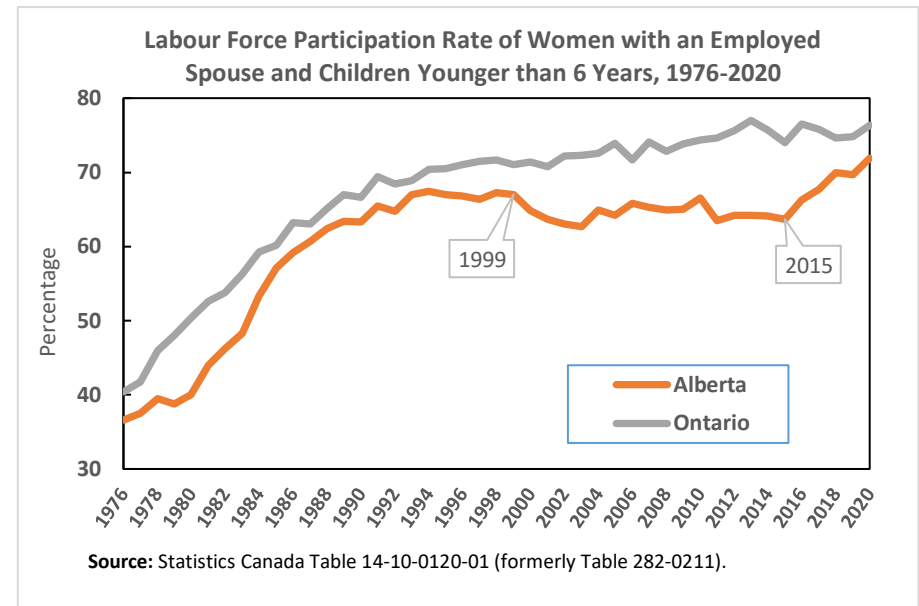
Many factors influence whether women choose to enter the labour force. Government policies play a role but so do decisions made between parents.

This month's Social Policy Trends revisits an issue we first examined in November 2017, namely, possible reasons for provincial differences in the labour force participation rates of women with young children and an employed spouse. In that earlier discussion we highlighted data showing that one possible explanation for that participation rate being higher in Quebec than other provinces was the availability of relatively inexpensive childcare. We showed that after 1997, the labour force participation rate of women with young children and an employed spouse increased in Quebec significantly more than in other provinces. The timing of the increase coinciding with the introduction of less expensive childcare was seen as strongly suggestive of the benefits of such a program. [Research](#) has confirmed that connection.

The advent, and the end, of the energy boom in Alberta, mark significant changes in the labour force participation rate of women with young children and an employed spouse.

We revisit the issue of why the labour force participation rate of this demographic might change to examine another potential factor at play, namely, the state of the labour market and the choices made by parents. In the figure is data on the labour force participation rate of women with an employed spouse and one or more children under 6 years of age. We compare these data for two provinces, Ontario and Alberta, where inexpensive childcare is very hard to find. The data describes movements in participation rates from 1976 to 2020.

An important difference in the labour markets in these two provinces is the influence of the energy sector. Between 1999 and 2015, an energy-led economic boom in Alberta saw rapidly increasing wages and security of employment in Alberta relative to elsewhere in Canada. Interestingly, the data in the figure shows that despite an economic boom creating more employment opportunities this was also a period during which the labour force



participation rate of women with young children and an employed spouse fell from 67.0% in 1999 to 63.7% in 2015. By contrast, the participation rate in Ontario continued to rise so that the difference in rates between the two provinces grew from 4.0 percentage points in 1999 to an extraordinary 12.8 percentage points in 2013.

Consistent with [recent research](#), a possible explanation for the changes seen in Alberta is that during the energy boom household incomes grew sufficiently large and were sufficiently secure to enable households with young children to be able to afford only one wage earner. When the boom ended in 2015, the fall in income growth and employment security may have required more households to establish a second earner in the labour market. This may explain why, between 2015 and 2020, the participation rate in Alberta increased by an extraordinary 8.2 percentage points and the gap with Ontario fell by nearly 6 percentage points. Many things go into explaining movements in the labour force participation rate of women with children. Public policy choices are one. The choices made by parents may be another.