



Canada Research Chair in Citizenship and Governance

*New realities of  
earning and caring*

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This presentation was a keynote speech prepared for the special meeting of provincial and territorial labour market and social services ministers:

*A Labour Market in Tune with Families*

It was organized by the Ministère d'Emploi, Solidarité sociale et Famille of Quebec on August 23-24, 2004 in La Malbaie, Quebec.



# Outline

- Profound changes over the last decades in work *and* family.
- The new realities of families for earning *and* caring.
- What a new policy mix might achieve – three examples.



# Profound changes

- It is not simply an issue of “more” or “different”
- New realities create policy challenges when policy and program design do not match reality.

✱ Now, not only must Canadians strive to *earn enough* for their families; they must also struggle to ensure that they can *care enough* for them.

- We are in search of the policy mix that will allow families to balance these dual responsibilities in restructured families and labour market.



# Work and family situations in the decades after 1945



- One wage could support a family
- Employers could assume that workers' arrived "unencumbered" by family responsibilities.
- "Good jobs" provided benefits via collective agreements and labour standards.



- A stay-at-home spouse was the norm.
- Care was provided in the home for children and seniors.
- Lone-parents on social assistance were permitted to substitute child-rearing for paid work, in order to live the societal norm.



# The current situation



- The proportion of women in the labour force has tripled.
- The knowledge-based economy (KBE) is emerging → Need for flexible and adaptable highly trained work force.
- A low-wage service economy is taking shape → Polarisation of job structure into high wage and low-wage.
- The number of lone parent families has risen.
- How do families balance work and care when:
- 66% of women with a child under age three are in the labour force and 73% of those with a child aged three to five.\*
- One in every four Canadians aged 45-54 is providing informal care to a person over 65 with a long-term health condition.

\* 2001



# Some initial policy *adjustments* to changed circumstances

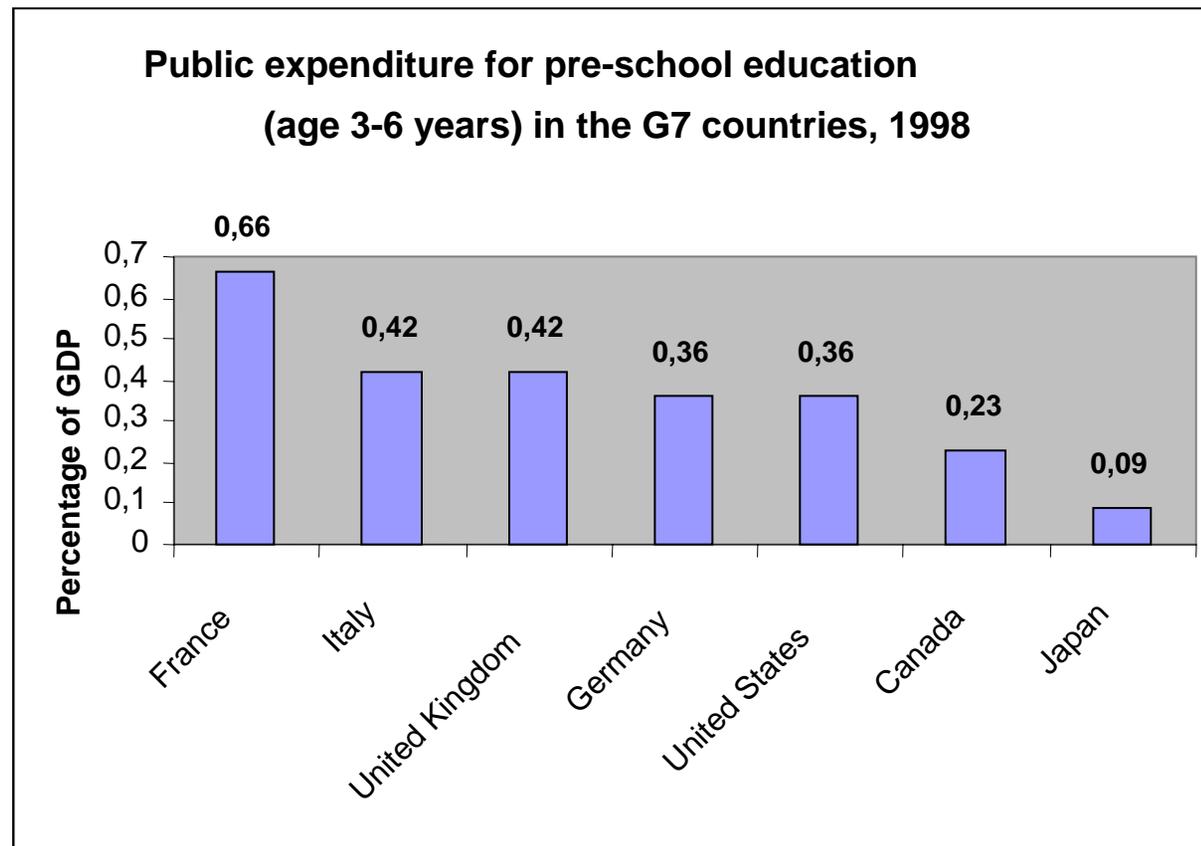
- New and extended programs, such as *maternity and parental leaves* and *compassionate care leaves*.
- *Child benefits* to supplement the income of low-wage families, many of which are headed by a lone parent.
- *Child care subsidies* for families (couples and lone-parent) “at-risk” of low-income; help with *child care expenses* for the rest.
- A modern system of early childhood education and care in Quebec.
- Small tax deductions for those with caring responsibilities.



But *adjustments* do not sufficiently  
address the new realities



# Child care services meet neither demand nor the needs of the KBE



# Formal health care services do not meet the needs of an ageing society, where informal care predominates

Care situation of the 27% of Canadians 65+ who have a long-term health problems

% receiving

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	Informal care	Formal Care	Mix of the two
Age = 65+	41	26	26
Age = 65-74	49	25	18



# Caring for elderly relatives may mean mortgaging well-being and social inclusion

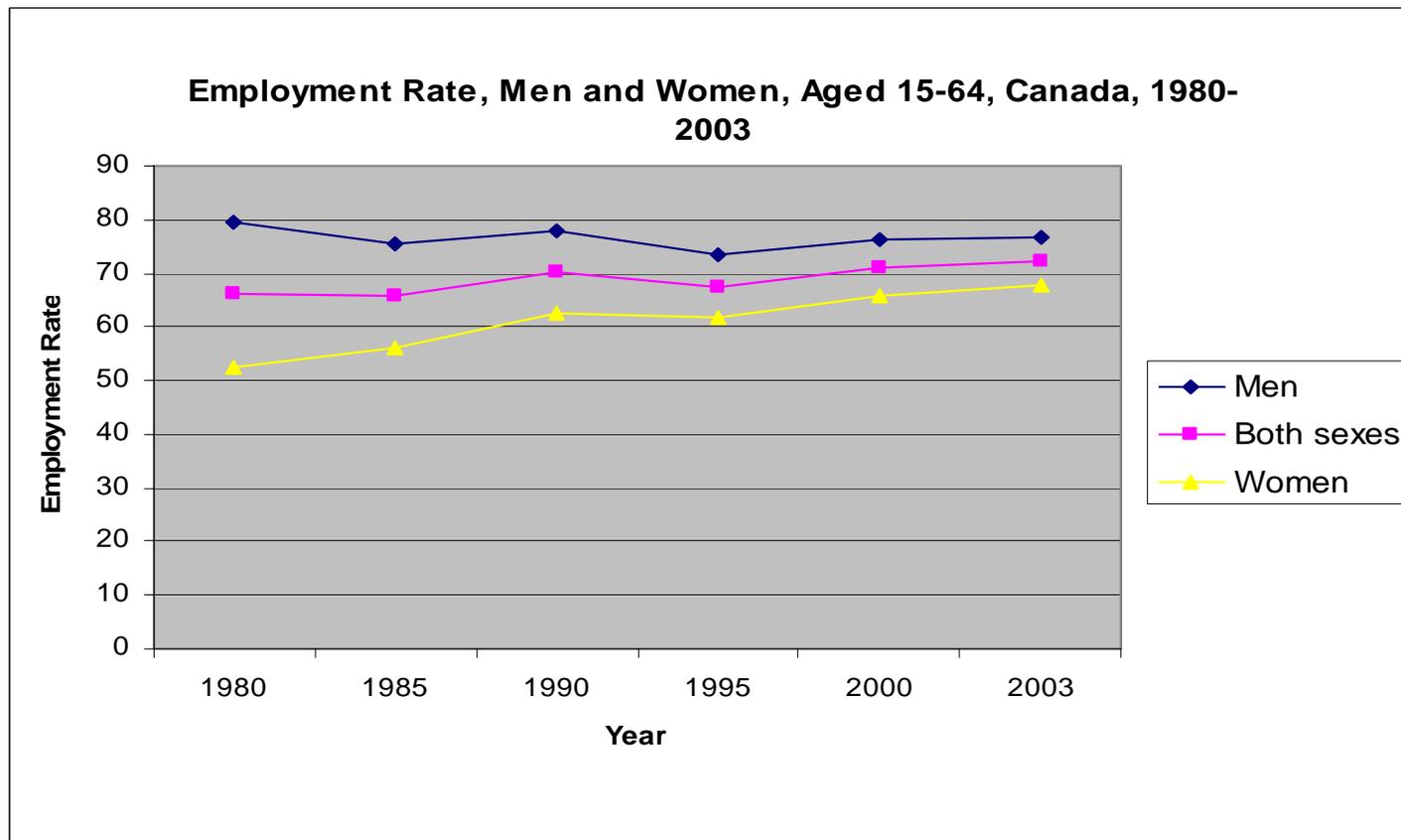
Canadians aged 45-64 caring for an elderly person with a long-term medical condition, who

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Have extra expenses	38%
Reduce social activities	33%
Have poorer health	14%
Reduce hours of work	14%
Lose income	9%



# The employment rate has never been higher.



# But low-income and unemployment remain problems

- Families need two earners to stay out of low income.\*

Therefore, families with a single earner fare badly.

- But, two earners means there is a “struggle to care” well.

## low-income rates\* 2002

2-parent, 2-earners 3.0%

2-parent, 1-earner 15.0%

Female-headed

lone-parent, 1-earner 28.2%

\*after-tax LICO measure



# Having a job is not enough

- More than four of every five (82%) women heading a lone-parent family had earnings in 2002, up from less than two of every three in 1996.
- Yet, 28% were living in low-income in 2002, up five percentage points just since 2001.
- Employment income is unstable. *One in every four* Canadians is likely to be in low-income in a five year period. Families “cross the LICO line” upwards, but some also move down.
- Many of the jobs low-income earners hold do not offer benefits; therefore a “welfare wall” can exist for those with health, pharmaceutical and or caring needs.



# Having a job seems like “too much”

- 50% of working mothers and 36 % of working fathers report having difficulty managing their family time.
- Mothers of young children work fewer hours than men or women with older children. This is part of the explanation for the high - and rising - low-income rate of young families (adults under 35).
- Data from the *National Longitudinal Survey of Children and Youth* (NLSCY) document that low-income parents are four times more likely to feel chronically stressed than parents with high incomes.



# A re-designed policy mix would:

Take three observations as a starting point:

- Polarisation of the wage structure in a knowledge-based and service economy means that - despite higher employment rates - many working families are “paid to be poor”.
- Ageing of the society will create a larger demand for informal care, at the same time that falling birth rates, higher divorce rates, and women’s labour force participation reduces the “supply” of family carers.
- A single earner and a stay-at-home spouse is a luxury few families with dependent children and seniors can afford. Therefore, families “struggle to care” as well as to earn.



# What a new policy mix might do – example #1

Income and income supplements are important,

But insufficient:

- Low and middle-income families will not be able to pay market prices for the quality ECEC that the KBE and good child development requires. Almost all OECD countries recognise that ECEC is a necessary component of the public education package.
- Reliable and quality child care allows conscientious parents to choose and stay in employment. Evaluations of the welfare reform in the USA find breakdown of child care arrangements a primary factor in labour force exits.



# What a new policy mix might do – example #2

Informal family-based care will remain an important support for the formal health care system, because family members as well as the elderly want it to be so.

**But**, be careful:

Informal care is not costless. Absence of affordable home care services, respite, and other services means that the struggle to care may mean the accumulation of future costs (lower retirement incomes; lack of social inclusion) as well as current costs elsewhere (poor health among carers). A better mix could avoid these hidden costs.



# What a new policy mix might do – example #3

Income supplements, such as child benefits and wage supplements for low-wage workers are a useful component of the mix.

But, other choices are available:

- Low-wage work has become less well paid; the minimum wage has lost 20% of its value since the 1970s.
- Governments are subsidizing low-wage employers. Funds might be released for needed services by relying on government regulation rather than government spending, that is by increasing the minimum wage. The UK, for example, recently introduced its first and quite generous minimum wage, without negative consequences for jobs.



# Data sources

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## PLUS

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