

# Study: The Economic Leadership and Prosperity of Canadian Women

Testimony to the Standing Committee on the Status of Women,  
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**M**ADAM CHAIR AND committee members, thank you for the opportunity to speak to the committee about the economic leadership and prosperity of women in Canada.

My name is Kate McInturff and I am a Senior Researcher at the Canadian Centre for Policy Alternatives.

Today, more women than ever before are attending university and college. They are going into the workforce in greater numbers and entering new fields of work.

Yet the young women graduating today will still be paid less than their male peers, they will be promoted less often into the ranks of senior management, and they will spend twice as much time doing unpaid work at home.<sup>1</sup>

What is at the root of the persistent gap in women's employment, pay and promotion?

It has been argued that women — particularly women with children — do less paid work as a matter of choice — and that this is the source of the gap in pay.



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When we look at the results of the Labour Force Survey we find that 69% of women with children under the age of 6 work.<sup>2</sup>

It has also been suggested that in households where there is a male breadwinner, women will choose not to work. Yet the *Labour Force Survey* tells us that the opposite is true. If you look at the choices families are actually making, you find that where fathers are working, the mothers of young children are actually more likely to work and more likely to work full-time. In families with young children, where Dad has a job, 63% of Moms work full time.

Whether by choice or from economic necessity, the mothers of young children are working women.

Many of these women are working full time, while performing twice the numbers of hours of unpaid work at home. That time deficit plays a significant role in the inability of more women to move into more demanding, higher paid and higher profile jobs.

What can we do to address the time deficit faced by women in Canada?

Some of the answers are easier than others. Let's start with the easiest. Safe, affordable childcare.<sup>3</sup> Economists from academia, from the financial sector and from the public policy sector have all demonstrated the benefits of affordable childcare — for children, for women's economic security and for the overall economic health of a community.<sup>4</sup>

Women in sectors as diverse as health care and mining report that the lack of access to childcare is a significant barrier to doing the work that they want to do, and achieving their professional goals.<sup>5</sup>

What is the difference childcare can make? Analysis of the impact of subsidized childcare in Quebec found that by 2008 the program had directly contributed to a 3.8 per cent increase in women's labour force participation.<sup>6</sup> The program also provided a broad economic benefit to Quebec's population, increasing Quebec's GDP by 1.7 per cent.<sup>7</sup> An equivalent boost to Canadian GDP would contribute an additional \$31.9 billion to Canada's economy.

Opening the door for more women to engage in paid work is a first step. However, once there, women continue to face the persistent problem of unequal levels of pay and promotion. Canada's gender pay gap is the eight-largest among OECD countries.<sup>8</sup> Women's median employment incomes are 34% less than men's incomes.<sup>9</sup> For some groups of working women the picture is even worse. Visible minority women earn 17% less than non-visible minority women and 25% less than visible minority men. First-generation immigrant women earn 15% less than non-immigrant women and 25% less than immigrant men. Aboriginal women's median employment incomes lag 10% behind the earnings of Aboriginal men and 31% behind the earnings of non-Aboriginal men.

Here again, it has been argued that women's paychecks are smaller because they choose to work fewer hours. However, that is not entirely the case. Comparing wages of women working full-time, full-year to the wages of men working full-time, full-year, women are still taking home 20% less than their male colleagues.

Women and men tend to work in different industries. A recent study by Statistics Canada finds that women with university degrees today work in the same fields that they worked in twenty years ago: nursing and education.<sup>10</sup> Men tend to work in technology and finance. One reason for the pay gap is that workers in male-dominated fields are paid more in general than workers in female dominated fields. Computer programmers, be they male or female, make more than elementary school teachers.

However, even within the same industry, women and men experience pay gaps. For example, in the female-dominated education sector, male elementary school teachers still earn \$10,000 more per year than do female elementary school teachers.<sup>11</sup>

What can we do to make a difference? Looking at the difference in wages across sectors, industries and regions there is a clear pattern. The pattern is this: where there is a pro-active, pay-equity policy in place, the wage gap narrows. For example, looking at median employment incomes in Canada's largest cities, women in cities with large, public sector employers see the smallest gaps in their earnings. Yet these same cities do not have the highest overall incomes — counter to the argument that the closing of the wage gap is the result of higher overall wage increases. Indeed, the city with the highest average incomes, Edmonton, also had the biggest pay gap — with men bringing home \$21,000 a year more on average.

Narrowing the wage gap is a matter of fairness, it is a matter of a Charter-guaranteed right to non-discrimination, and it provides a clear benefit to women's prosperity and to the economy. Estimates from the World Bank suggest that closing the gender wage gap in industrialized nations could boost GDP by as much as 9 percent.<sup>12</sup>

Narrowing the wage gap can also make the difference between women and their families living in poverty or not. Poverty rates are highest among families that depend upon a female income earner. That includes not only families led by single mothers, but also two-parent families where the income earner is a woman.

Consider the women who work in the lowest paying of female-dominated industry: the service sector. Women working in retail sales earn just over \$12,000 annually and men earn \$18,000 annually.<sup>13</sup> That \$6,000 pay gap can mean the difference between having enough for rent and food or not.

There are solutions to these problems. I've mentioned just a few here but I would be happy to speak further about the public policies that have been demonstrated to make a real difference in the lives of women and in their economic well-being.

However, I want to close by re-iterating what every small business owner and new entrepreneur knows: there is no free lunch. Without a stable, up-front invest-

ment, any enterprise will falter. The same is true of our investments in the policies and programs that can increase women's economic well-being in Canada. With adequate and stable support we will reap multiple dividends, including significant GDP growth and the concomitant increase in government revenues that follows that growth. Without that investment, we are setting our own programs up to fail – just as inadequate access to credit and financing causes small enterprises to fail.

Right now the budget for the Status of Women amounts to 0.03% of direct federal program spending (not including transfer payments and transfers to persons). As a percentage this has varied little over the past decade. Let me repeat, the federal government allocates three one-hundredth of one per cent of its total program spending to a department that is tasked with ensuring equality and the full participation of women in the economic, social and democratic life of Canada.

Gender inequality is a crucial barrier to growth, good governance, and well-being. An investment of political and financial resources into increased economic security for women in Canada will pay huge dividends, not only the quality of life of Canadians but also in the economic stability of the country.

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## Notes

- 1 "Time Spent On Unpaid Care Of A Child In The Household, By Working Arrangement And Age Of Youngest Child, Canada, 2010." *Women in Canada: A Gender-Based Statistical Report*. Ottawa: Statistics Canada.
- 2 "CAN-SIM Table 282-0211: Labour force survey estimates (LFS), by family type and family age composition, annual." Ottawa: Statistics Canada.
- 3 Canada spends 0.25% of GDP on childcare and early childhood education, one-third the OECD average (0.7%).
- 4 Alexander, Craig and Dina Ignjatovic (2012). *Early Childhood Education Has Widespread and Long Lasting Benefits*. Toronto: TD Economics. [http://www.td.com/document/PDF/economics/special/di1112\\_EarlyChildhoodEducation.pdf](http://www.td.com/document/PDF/economics/special/di1112_EarlyChildhoodEducation.pdf); Centre for Spatial Economics. (2009). *Literature Review of Socioeconomic Effects and Net Benefits: Understanding and Addressing Workforce Shortages in ECEC Project*. Childcare Human Resources Sector Council. [http://www.ccsc-cssge.ca/sites/default/files/uploads/Projects-Pubs-Docs/2.8-wfs\\_LitSocioMain\\_Eng.pdf](http://www.ccsc-cssge.ca/sites/default/files/uploads/Projects-Pubs-Docs/2.8-wfs_LitSocioMain_Eng.pdf)
- 5 Women in Mining Canada (2010). *Ramp Up: A Study on the Status of Women in Canada's Mining and Exploration Sector*.
- 6 Fortin, Pierre et al. (2012). *Impact of Quebec's Universal Low-Fee Childcare Program on Female Labour Force Participation, Domestic Income and Government Budgets*. Sherbrooke: Research Chair in Taxation and Public Finance, University of Sherbrooke.
- 7 Fortin, Pierre et al. (2012). *Impact of Quebec's Universal Low-Fee Childcare Program on Female Labour Force Participation, Domestic Income and Government Budgets*. Sherbrooke: Research Chair in Taxation and Public Finance, University of Sherbrooke.
- 8 "Gender Wage Gap: Full Time Employees." OECD. Available online at: <http://www.oecd.org/gender/data/genderwagegap.htm>

**9** “CAN-SIM Table 202-0102: Average female and male earnings, and female-to-male earnings ratio, by work activity, 2011 constant dollars, annual.” Ottawa: Statistics Canada.

**10** Uppal, Sharanjit and Sébastien LaRochelle-Côté (2014). “Changes in the occupational profile of young men and women in Canada.” *Insights on Canadian Society*. Ottawa: Statistics Canada.

**11** *2011 National Household Survey*. Ottawa: Statistics Canada.

**12** Oostendorp, Remco H. (2009). “Globalization and the Gender Wage Gap.” *World Bank Economic Review*. 23(1): 141–161.

**13** *2011 National Household Survey*. Ottawa: Statistics Canada.



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