

Who has autonomy?  
The Impact of Immigration, Gender and Welfare State Policy  
on the Lives of Immigrant Women

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## ABSTRACT

Suzanne Skinner

### Who has autonomy? The Impact of Immigration, Gender and Welfare State Policy on the Lives of Immigrant Women

Immigrants from a variety of backgrounds tend to under-perform in the labour market when compared to their Canadian-born counterparts. Of particular concern is the performance of immigrant women, who report disproportionately lower employment rates and earnings. In a liberal welfare state such as Canada, weak labour market attachments can lead to a reduced capacity for autonomy throughout the life course.

Why do immigrant women lead less autonomous lives than Canadian-born women? Assumptions in public discourse imply that immigrant women are restricted by their more 'traditional' cultures and therefore less likely to work and/or use childcare services. This thesis suggests instead that certain social policies, such as child care and pensions, can reinforce the effects of both gender and immigration on the lives of immigrant women thereby restricting their access to employment, independent earnings, and ultimately, autonomy.

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## Introduction

Sharia law, headscarfs and burquas, female infanticide, and human trafficking, are issues which affect millions of women worldwide. In the Canadian media, such issues are often associated with immigrant populations. These groups are can be held responsible for importing traditions and religious fundamentalisms that are ostensibly at odds with the more liberal nature of Canadian political, economic and social life. Since 2000, Canada receives over 220,000 immigrants per year (CIC, 2007). Canada has always been a nation founded on immigrants, but recently Canada attracts newcomers from a more diverse pool than ever before. Whereas settlers of the past came primarily from western and northern Europe, immigrants today come primarily from Africa, Latin America and Asia.

Recent debates in Canada regarding the level of tolerance and accommodation that should be accorded to immigrants highlight the perceived clash in values between immigrants and those with long histories in Canada. For example, in February 2007, the Charest government in Québec launched the *Consultation Commission on Accommodation Practices Related to Cultural Differences*. This Commission, headed by two prominent scholars, Gérard Bouchard and Charles Taylor, was established to address the “public discontent” over reasonable accommodation (Gouvernement du Québec, 2007). More specifically, the Commission was created in the wake of controversy following the code of conduct instituted by the residents of Hérouxville, Québec, a town with no immigrant population and a predominantly white, francophone majority. The code of conduct banned so-called cultural behaviours, including the stoning of women and the covering of faces. Importantly, many of the behaviours addressed in the code related to the treatment of

women. Implicit in the code of conduct was the assumption that the residents of Hérouxville had achieved gender equality in their community, and that all immigrants, particularly in their treatment of women, threatened this community value.

Although immigrants to Canada come from a variety of ethnic, national, educational and linguistic backgrounds, there is a tendency to assume that immigrant women in general are more 'traditional' and limited by their culture than their Canadian-born counterparts. Feminist scholars such as Okin (1999, 10) see a tension between gender equality and the protection of culture. She argues that the rules of most cultures tend to have a greater impact on the lives of women and girls, given that the central focus is often on personal, sexual and reproductive life (Okin, 1999, 12). Implicit in some of the literature on child care (Bushnik, 2003) and immigrant integration (Reitz, 1998), is that immigrant women may be more restricted by culture than those born in Canada. Thus, the supposition within certain academic and public forums is that culture causes immigrant women to be oppressed, or more restricted in their ability to be autonomous than their Canadian-born counterparts. At the same time, statistics have shown that immigrant women lag behind their male counterparts in both employment rates and earnings. In fact, immigrant women are more likely to be unemployed than their Canadian-born counterparts irrespective of their country of origin or when they landed in Canada (Statistics Canada, 2008).

The central puzzle of this thesis asks: Why do immigrant women lag so far behind their Canadian counterparts? The common public response might blame this underperformance on the limiting aspects of 'immigrant' culture. Some academics may suggest that immigrant women are oppressed by the cultural, and highly patriarchal traditions of their homelands. Although culture has some role to play in the lives of immigrant women,

this thesis tells a different story. The findings in this paper suggest that public policies have a highly significant role to play in limiting the ability of immigrant women to lead autonomous lives in Canada.

Central to this puzzle is that women, especially immigrant women, are affected by the childcare options available to them. By comparing the labour market participation rates of Canadian-born and immigrant women before and after the institution of Québec's childcare reform, I show that immigrant women with preschool children are less likely to be working when childcare options are based on market prices and more likely to be working when they are made affordable. Further, I show that immigrant women, contrary to the assumption of limiting cultural values, are comparatively heavy consumers of childcare services, regardless of the cost. The comparative analysis that follows thus suggests that a lack of affordable childcare can directly affect the labour market participation of immigrant women.

These disadvantages accumulated in the labour market today have the potential to present disastrous results for immigrant women in old age. Despite the looming threat of an aging population, the aging of immigrants has never figured prominently in Canadian policy debates. The Canadian pension structure tends to penalize those with precarious employment histories and reduces entitlements for those who immigrated half-way through their life cycle. As a result, my findings reveal that immigrant women over 65 today have meagre pension incomes and rely overwhelmingly on means-tested benefits for their livelihood.

Given that Canada faces serious challenges in dealing with a growing ageing population, the issue of immigrant labour market participation and pension outcomes are likely to grow in importance. Immigration is often seen as a partial solution to declining labour market supply, so that countries such as Canada, the United States and Australia

endeavour to attract the best and brightest immigrants from around the world. In order to fulfill that solution, both male and female immigrants must access the labour market at the levels commensurate with their skills.

The time is right to ask about the relative autonomy of immigrant women. Public discourse frames immigrant women as oppressed. The immigrant literature has often cited the underperformance of immigrant women but has not asked why this is so, or how public policies might be an influence. Far from being mere shortcomings intrinsic to immigrant women or cultural prescriptions toward dependency, certain social policies actually reinforce the effects of both gender and immigration on the lives of immigrant women.

While the effect of gender and immigration is important for the development of welfare state policy, very little articles to date have addressed the interaction of child care and pension policies in Canada. This project attempts to draw a bridge between the literature on immigrants and the labour market with that of gender and welfare state regimes in order to provide insight into the labour market outcomes and the particular pension outcomes of immigrants versus native-born populations. I focus most explicitly on immigrant women to demonstrate that the impact of gender and immigration, in interaction with certain welfare state policies, makes it very difficult for immigrant women to lead autonomous lives.

## **Overview**

The first chapter will provide an overview of welfare state literature, upon which this thesis is based. Canada is a liberal welfare state characterized by meagre benefits and market-driven welfare policies, according to the Esping-Andersen's (1990) acclaimed *Three Worlds of Welfare Capitalism* typology. Although this typology is widely used within

welfare state literature, it is also fiercely debated. Feminist critiques of the work of Esping-Andersen (1990) for example, highlight that the concepts of de commodification and stratification, which he uses to sort welfare states into his three worlds, cannot readily be applied to women. The concepts assume an attachment to the labour market, which women, due to their socially ascribed care-giving roles, have not developed to the same extent as men. As an alternative, O'Conner et al. (1999), use the concept of autonomy to determine the effect of welfare state policies on the lives of women. The capacity to form an autonomous household is the ability of women, like men, to have the capacity to live free from dependence on marriage, if they so choose. O'Connor et al. (1999) also broaden their analysis beyond pensions, sickness and unemployment benefits to other state services, such as child care, in an effort to get a clearer picture of the effects of state policy on the relative autonomy of women.

In chapter one I argue that women's capacity for autonomy can be facilitated or hampered by the type of child care policy. In Ontario, child care is priced according to the market, making it affordable mostly for mothers with high income. Since 1997 Québec has maintained a universal child care policy, where the rate is low and is the same for all income earners. A significant amount of research has documented the positive effect of child care on maternal employment (Cleveland, Gunderson, and Hyatt 1996; Ginn 2003; Gornick 1999; OECD 2002; Uunk, Kalmijn, and Muffels 2005; White 2001). However, detailed analyses of the effect of Québec's new child care policy is scant. Further, very few analyses within OECD countries look at the impact of child care policies on the maternal employment of immigrant women. A notable exception is the work of Kesler (2006) which examines the employment of immigrant women across Sweden, Germany in the United Kingdom. Her

work shows that despite higher overall employment rates in Germany and the UK, immigrant women in Sweden have higher odds of employment. This is attributed to the accessible and affordable child care system in that country. Given these findings, it is important to ask the question whether immigrant women in Québec fare better in the labour market than their counterparts in Ontario, where child care is more costly. That is, if immigrant women are more likely to engage in the labour market and use child care services in Sweden, we should expect to see the same result in Québec.

If women in general are likely to substitute unpaid care in the home for earnings in the labour market, we can expect they are less likely to have the capacity to form an autonomous household. Unless they are receiving means-tested benefits through state social assistance, they are likely to be economically dependent on a partner for their well-being. But these absences from the labour market during child-rearing years can have lasting effects throughout a woman's life course. Without adequate child care options, the earnings disadvantages accumulated throughout prime working years can be reflected in pension income. This is especially true in Canada, whereby a substantial proportion of pension income is determined by participation in the labour market. Earnings from the Canada/Québec Pension Plan (C/QPP) are directly related to contributions made during working years. A parent may subtract up to 7 years from their pension calculation to compensate for time off for care-giving. However this cannot compensate for the resulting loss in wage increases and career advancement that would have accumulated during child-rearing years. Private pensions in Canada, through the Registered Retirement Savings Plan (RRSP), are often used by individuals with surplus income, which highlights the reduced accessibility to women who have eliminated or reduced their working hours. Although

Canada offers a basic pension through Old Age Security (OAS), the benefits are too low to sustain an adequate income. Furthermore, immigrants have reduced access to this income due to residency requirements. As a result, it is expected that women, especially immigrant women, are more likely to have low pension incomes, and to rely on the means-tested Guaranteed Income Supplement (GIS).

Immigration is often cited as a method to counteract the labour market shortages produced by population ageing (OECD, 2006). However, very little research exists on the pension outcomes or prospects of immigrants in their host countries. Most research on immigrant welfare focuses on immigrant integration, and the difficulties of this, into the receiving country. Trends in Canada, evidenced by low earnings and poor labour market attachment despite a selection policy based on skills and education, indicate that immigrants face an uphill battle in achieving economic integration. The end of Chapter one reviews the literature of immigrants in the labour market. It shows that Human Capital Theory (HCT), although a prominent economic theory used in labour market analysis, cannot explain the labour market disappointments of immigrants in Canada. HCT asserts that higher education and skills will lead to higher wages, but this is not true for immigrants, whose international skills are not readily recognized by Canadian employers.

HCT also cannot account for the discrepancies in employment rates and earnings along gender lines. As long as many women, especially highly-skilled women, have to choose between the labour market and child-rearing, while many men engage in continuous full-time employment, high levels of education will still produce earnings disparities between highly educated women and men. Although higher levels of human capital may improve

earning power, it does not guarantee that women will have the capacity to form autonomous households through to old age.

Chapter three presents an outline of the data, methodology and theoretical assumptions within the project. Three hypotheses are brought forward:

1. Hypothesis 1: The employment rates of women with young children, especially immigrant women, will increase substantially in Québec between 1996 and 2004.
2. Hypothesis 2: The use of child care for the purposes of employment is expected to rise significantly among women, especially immigrant women, in Québec between 1994 and 2004.
3. Hypothesis 3: Women, especially immigrant women, are more likely to be living in poverty in retirement years.

The above hypotheses are designed to answer the question: are immigrant women less autonomous than their Canadian-born counterparts? If yes, in what ways do the social policies of child care and pensions contribute to this? Chapter three provides an analysis of child care policy and its impact on the employment rates of Canadian-born and immigrant men and women, thereby addressing hypotheses one and two. I demonstrate that both Canadian-born women and immigrant women have higher employment rates than their counterparts in Ontario and in pre-reform Québec. I also show that immigrant women are more likely to purchase child care for the purposes of employment than Canadian-born women, thus debunking the myth of the 'traditional immigrant'. This suggests that child care policy may be a better predictor of the relative autonomy of immigrant women than cultural beliefs.

Chapter four demonstrates that the pension outcomes of women continue to lag behind those of men, despite concessions made for child-rearing in the C/QPP. This is because other than the OAS, the bulk of pension income is directly tied to consistent

performance in the labour market. Immigrant women are particularly vulnerable considering their pension incomes can be affected by both inconsistent labour market participation and by residency restrictions. The pension incomes of immigrant women revealed by the data are disturbingly low, rendering their ability to maintain an autonomous household in old age very difficult. The prevalence of poverty is illustrated by the number of women collecting the means-tested Guaranteed Income Supplement (GIS).

The last Chapter re-examines welfare state literature in light of the findings in the third and fourth chapters. Broader policy implications and suggestions for future research are also discussed. It is hoped that this analysis will help the reader question assumptions about immigrant women, and consider the impact of broader social policies on immigrant social and economic integration.

## Chapter 1: Autonomy and Immigrant Women in Canada

This project builds on the work of feminist scholars of the welfare state to ask what opportunity women, especially immigrant women, have of leading autonomous lives in Canada. Following Esping-Andersen's (1990) acclaimed *Three Worlds of Welfare Capitalism*, the route to any kind of social and economic wellbeing in a liberal welfare state such as Canada, is through the market. As such, the labour market success of people in Canada determines their ability to lead autonomous lives throughout their life course. Given the realities of unemployment, reproduction and old age, public policies that reinforce or mitigate against this dependency on the market will also determine the social welfare of workers from their early working years to retirement. Feminist critics of Esping-Andersen demonstrate that persistent assumptions about the proper roles for men and women in the labour market and the family inform and reinforce public policies that are consequently gendered. According to this school of thought, social policies structure and reinforce gender roles into benefits and entitlements. Access to affordable child care has proven to be a crucial component for the labour market success of women, who continue to retain primary responsibility for care-giving roles. Also, pension policies that emphasize labour market success ensure that labour market success/failure will be reflected in old age income. Of course, women and men are not unified categories, but are further stratified by intersecting identities such as ethnicity, class, and ability, to name a few. Of particular concern to this study is the situation of immigrant women, who face the double barrier of gender and immigration in their attempts to achieve labour market success and an adequate income in old age.

## ***Welfare State Literature and the Three Worlds Legacy***

Very few analyses of welfare states can escape the work of Esping-Andersen's (1990) acclaimed *Three Worlds of Welfare Capitalism*. Esping-Andersen revolutionized this field of research by examining the interlocking roles of the state, market and family in providing social welfare (Esping-Andersen 1990, 21). Previous scholars of the welfare state looked at expenditure on social programs, or different types of specific social policy across states, or the impact of worker mobilization on welfare state development. Esping-Andersen aims to move beyond program specifics to understand the differences between types of welfare states. From this perspective, welfare states in their entirety differ from and/or resemble one another, and this is due to the specific historical forces that lead to their development (Esping-Andersen 1990, 3).

Ultimately, Esping-Anderson analyzes the welfare state by what it does. Of course, the purpose of the welfare state is "not to spend or tax" (Esping-Andersen 1990, 32), but to de-commodify and to stratify. De-commodification refers to the ability of individuals to maintain a livelihood without exclusive dependence on the market. It is understood as a social right, but it is differentially administered in welfare states. The extent that the state provides shelter from the market during periods of sickness, old age, and unemployment, for example, will affect the ability of citizens to de-commodify. The second function of the welfare state refers to its ability to reinforce socio-economic divisions between citizens. Although the purpose of the welfare state may be to ameliorate deep inequalities, it can in fact reinforce class and social cleavages (Esping-Andersen 1990, 23). Benefits and

entitlements, whether based on occupation, income levels or universal characteristics, will determine which groups of citizens have access to decommodification and why. Using these two dimensions, Esping-Andersen discovers that industrialized nations fall into three clusters, the characteristics of which are elaborated into three ideal types. The first category is the Conservative regime, which includes such states as Austria, France, Germany and Italy. This regime finds its origins in the Conservative ideology, whereby the preservation of “traditional status relations” are necessary for the continuation of social order (Esping-Andersen 1990, 58). It is also based on the corporatist traditions of continental Europe, whereby occupational groupings, usually comprised of the most advantaged workers, established “status-differentiated social insurance schemes” (Esping-Andersen 1990, 60). The reliance on social insurance indicates that strong labour market attachment is needed to maximize contributions in order to capitalize on benefits. States that fall within this regime are also largely shaped by the Church, whereby traditional family structures are considered paramount. As such, social policy within this cluster has historically discouraged mothers from entering the labour force by under-developing services such as child care and maternity leaves (Esping-Andersen 1990, 27). Within the conservative regime therefore, decommodification is reserved for those with a strong employment record. Further, the conservative regime stratifies workers according to occupational status, thereby reinforcing cleavages within the labour market.

A second cluster of welfare states, is comprised essentially of the Scandinavian countries, to form the Social Democratic Regime. This cluster is identified by universal style benefits “that would promote an equality of the highest standards” (Esping-Andersen 1990, 27). In contrast to the Conservative regime, high-quality benefits and services are offered to

all, regardless of class, occupation or participation in the workforce. As such, those who are unable to work are supported. Further, child care and extensive parental leaves serve to “socialize the costs of family hood” and “to allow women to choose work rather than the household” (Esping-Andersen 1990, 28). The Social Democratic regime as a result achieves a relative high level of decommodification, as the sick, the elderly, mothers of all income levels and classes find shelter from the market. Benefits that appeal to the middle classes, rather than target the poor, ensure a low level of stratification (Esping-Andersen 1990, 27).

The third and final welfare state is Liberal, comprised of the Anglo-Saxon countries, which is of most concern to this thesis. Rather than offering benefits universally, as in the Social Democratic regime, or according to a hierarchy of occupational groups, as in the Conservative regime, benefits under the Liberal regime are based on demonstrable need. Means-tested benefits are aimed at only the lowest economic strata in society. The middle classes fill the gaps of the welfare state through private insurance and benefits. As the middle classes continue to build on private solutions to social welfare, they have been historically reluctant to endorse increases to state sponsored benefits (Esping-Andersen 1990, 31). State benefits therefore, continue to be meagre, as they are aimed at the relatively politically powerless poor. Within this regime, “commodification reigns supreme” given that the welfare state intercedes only upon market failure (Esping-Andersen 1990, 43). The result is a highly dualistic society comprised of those who can afford the private solutions (the middle and upper classes) and those who are destitute enough to require state intervention (those who are poor). It follows then that there is a certain level of stigma associated with state benefits. Following Esping-Andersen, Quadagno (1994, 8) pushes this idea further, arguing that the welfare state not only maintained class divisions but also

perpetuated systemic racism. Even after the elimination of slavery, meagre social services were further residualized for African Americans, by deliberately excluding occupations such as agriculture workers and domestic servants, traditionally dominated by this group (Quadagno 1994, 19). Quadagno's work demonstrates that simply looking at class obscures the divisions within classes, such as those based on race in the United States. Other critiques have emerged that build upon but also severely critique Esping-Andersen's three worlds. Most notable among those critics are feminist scholars.

### **Feminist Critics and Gender Stratification within the Three Worlds**

Feminist scholars of the welfare state demonstrate that the typology does not adequately account for gender stratification in welfare state regimes (Fraser 1994; O'Connor, Orloff, and Shaver 1999; Sainsbury 1996; Sainsbury 1999). Central to this critique is Esping-Andersen's focus on only male interactions with the de-commodifying and stratifying abilities of the welfare state. In fact, most of Esping-Andersen's analysis relied on the "average production worker" (APW) as the unit of analysis. The APW actually focuses only on male workers in the manufacturing sector. Further, although conventional, this variable uses male outcomes to describe the labour market outcomes of the entire workforce, not to mention that the significance of the manufacturing sector has been consistently eroding.<sup>1</sup> As such, Esping-Andersen obscures gender divisions in the labour market and largely negates the role of women as caregivers within the state, market and family nexus. While men are expected to have a relationship with the market through paid work and as primary breadwinners, this relationship for women is intermittent due to their primary responsibility

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<sup>1</sup> For a detailed discussion, see (OECD 2005b).

for care-giving. As long as women continue to perform the bulk of care-giving (for their spouses, their children, and the elderly), their capacity to become 'commodified', that is, have the same access to the market as their male counterparts, is gendered. Consequently, the ability of the welfare state to help women 'decommodify' is largely irrelevant unless their *ability to be commodified*, is considered. Especially for women, "before employment-linked protection becomes an issue for individuals a crucial first step is access to the labour market" (O'Connor, Orloff, and Shaver 1999, 108).

Whereas Esping-Andersen (1990) focuses most specifically on income maintenance programs, the work of O'Connor et al. (1999) broadens the analysis to include services such as daycare, and regulatory systems such as workplace equality (O'Connor, Orloff, and Shaver 1999, 12). Indeed, Esping-Andersen completely neglects social services and their significance in addressing gender inequality (Korpi, 2000, 142). O'Connor et al. (1999) provide a framework to analyze the gendered dimensions of state policies, and to examine how these interact with the market and families. Along with other prominent feminist scholars, they assert that the private sphere of the family, with its unequal distribution of care-giving responsibilities, was not the only site of gender inequality. Instead, gendered relations within the family determine how women and men interact within the public sphere of the state and the market (O'Connor, Orloff, and Shaver 1999, 14).

Other feminist critics to Esping-Andersen's earlier work aim to break-down the very typology he created. Sainsbury (1996) re-conceptualizes "the dimensions of variation used to analyse welfare states by explicitly incorporating gender" (Sainsbury 1996, 6). Her analysis questions the validity of the typologies, arguing that when gender is at the forefront of analysis, their usefulness is limited (Sainsbury 1996, 33). Her goal is to reveal criticisms

of all states, and to develop “gender-relevant dimensions of variation” (Sainsbury 1996, 41). In that effort, her analysis looks at 4 countries: the Netherlands and Sweden (representing the Social Democratic cluster), and the United Kingdom and the United States (representing the liberal cluster). Sainsbury’s analysis reveals that certain dimensions cross-cut the typologies developed by Esping-Andersen (1990).

Central to this argument is the pervasiveness of the male breadwinner model. This term, widely used by feminist scholars, refers to the “family wage” as designed to respond to and maintain a certain “gender order” (Fraser 1994, 591). This gender order sees people organized into heterosexual couples, whereby the male head of the family earns from the labour market a wage that will support himself and his spouse and children (Fraser 1994, 591). Thus, the male breadwinner/female homemaker model, existed as a ‘gender order’ from the old world to the capitalist era. Feminists such as Fraser (1994) struggle with the task of developing a new gender order, one that is based on gender equity. This is because the male breadwinner model is “no longer tenable, either empirically or normatively” (Fraser 1994, 592). Within liberal welfare states, wages are no longer at levels that would support an entire family. Changes in labour markets across industrialized nations are creating higher unemployment, precarious employment and increasing earnings disparities, rendering the male breadwinner a near impossibility (Esping-Andersen et al. 2001, 36). Further, different types of households, including single parent and lesbian/gay households are now a prominent feature of social arrangements. The male head of a nuclear family therefore does not express the present composition of all families. Finally, policies that attempt to promote gender equity cannot continue to espouse a male breadwinner model, whereby one sex has access to

employment and the other sex is expected to perform unpaid work while being economically dependent on the other.

Central to Sainsbury's critique is that some states institutionalize the breadwinner model far more than others. Specifically, it is the basis of entitlement, in her view, that "constitutes a crucial factor in determining whether social benefits and services contribute to women's autonomy" (Sainsbury 1996, 41). In some states, social benefits are accorded to families, rather than individuals. These benefits are often tied to previous work experience, thereby excluding women who have devoted themselves to unpaid work and reinforcing their economic dependency on marriage. For example, in the Netherlands, the family was the unit of benefits, meaning that "married women without breadwinner status were denied social rights in the form of an individual pension, extended unemployment benefits and eventually, general disability benefits" (Sainsbury 1996, 54). This sharply contrasts with Esping-Andersen's (1990, 28) definition of the Social Democratic cluster, which includes commitment to full employment and therefore the "right to work". On the other hand, states with very minimal welfare state provision such as the United States included various disincentives to discourage second earners within the family. Sainsbury (1996, 62) shows that the tax system in the U.S. served as a powerful tool to either penalize second earners, or provide incentives to maintain a single worker family. As such, women were discouraged from working, thereby reinforcing the male breadwinner model. In Sweden, individual social rights to child care emphasized the importance of care-giving work and "strengthened women's claims as mothers and caregivers, rather than just as wives" (Sainsbury 1996, 65).

While Sainsbury's analysis is useful, it is not particularly helpful in explaining the Canadian case with regard to pensions and child care. Just as Esping-Andersen's (1990)

work that preceded hers, the comparative analysis across the original regime typology highlights the primacy of Sweden as the superstar in social provision and, as her analysis reveals, in success with gender equality. As such, liberal welfare states, such as the United States and in this case Canada, continue to cluster together as poor providers of social services, thereby reinforcing their liberal membership as per the original Esping-Andersen definition. Further, across Canada, pension contributions and entitlements are based on individual entitlement. As we shall see below, although the right to use to daycare in Ontario or pre 1996 Québec can be considered universal, access is largely dependent on class, given the high market prices of these services. Similarly, entitlement to Canada's basic pension program is accessible to all<sup>2</sup>, but the relatively meagre benefits limit the significance of this access. Although the basis of entitlement argument provided a new dimension for analysing gendered outcomes of welfare state policies, it cannot adequately account for the variations among or within liberal welfare states.

Indeed, the variations in the basis of entitlement do not change the fact that paid employment is by far the best route to economic independence within Liberal welfare states. For single parents with young children who cannot afford child care, state provided social assistance can offer some relief. However, in Canada, social assistance benefit levels are not indexed to prices or according to region. Nor are benefits based on an objectively evaluated "acceptable standard of living" or according to Canada's Low Income Cut-offs (LICO) (Adema 2006, 18). Benefits are rather accorded to political acceptance and the state of public finances (Adema 2006, 18).

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<sup>2</sup> Immigrants access to basic pensions is limited based on years of residency in Canada. See the section on pensions below for a more thorough discussion.

## **Autonomy and the Liberal Welfare State**

Given that alternatives to the market are minimal in liberal welfare states such as Canada, the most beneficial route to ensuring one's welfare is through the market. Indeed, "employment remains the sine qua non for good life chances" (Esping-Andersen et al. 2001, 38). However, as discussed above, women's relationship to the market is often irregular given that their childbearing and child rearing responsibilities interrupt their careers and reduce their earning capacity (O'Connor, Orloff, and Shaver 1999, 32). Consequently, women have historically relied on economic dependency through marriage to ensure their own welfare. A critical component of gender equality therefore, is the freedom of women to form autonomous households, without being obliged to enter into a marital relationship (O'Connor, Orloff, and Shaver 1999, 32).

Indeed, in his later work, Esping-Andersen (1999) recognizes the limitations of his analysis vis-à-vis the household economy and its integral role in the larger structure of the welfare state. He admits that his analysis concentrated almost exclusively on male production workers and their relationship to the market and the state (Esping-Andersen 1999, 46). He also acknowledges feminist critiques by recognizing the "pre-commodified" state of women in many welfare states, and that decommodification by his original definition cannot apply directly to women (Esping-Andersen 1999, 44-45).

Pre-commodified women are dependent on the family rather than the market. Women's ability to enter the labour market therefore depends on the level of "de-familialization" within a welfare state (Esping-Andersen 1999, 45). De-familialization refers to the degree to which the costs of maintaining a household and related care-giving responsibilities are externalized (Esping-Andersen 1999, 47). However, this concept does

not confront directly the gendered nature of these responsibilities, nor does it address the equality issues behind paid work in the labour market and unpaid work within the family.

Following the analysis of O'Connor et al, (1999), I use the concept of "autonomy" as a proxy for gender equality. 'Gender equality' is a debatable concept, and is much more all-encompassing than the present analysis of welfare state policy. 'Autonomy' is an alternative, referring to the capacity that women have, given their child bearing/rearing responsibilities and the associated disadvantages these pose in the market, to form households free from dependence on marital relationships (O'Connor et al. 1999, 32). O'Connor et al. (1999, 32) highlight two avenues by which women can form autonomous households: either through paid work or cash benefits via the state. While Canadian state-sponsored social assistance allows single parents (mostly women) to continue full-time parenting roles while children are young; benefits are low and stigmatizing. Further, some immigrant women are not eligible for such social assistance for up to the first ten years of their stay in Canada, due to restrictions under family class immigration policy. As a liberal welfare state, the most viable route to autonomous households for women in Canada therefore, is via paid work in the market. For mothers, this capacity for autonomy is partly structured by welfare state programs that either facilitate or hinder the balance between child rearing and employment, along with pension policies that reward consistent and full labour market attachment.

'Autonomy', however, is a contested concept, especially among scholars of feminist philosophy. The literature reflects a tension between the ethic of care, which emphasizes the value of care-giving and the preservation of relationships, and the ethic of justice, which focuses on individual freedom and equality (Clement 1996, 43). On the one hand, proponents of the ethic of care criticize the notion of autonomy for adhering to a "male moral logic", one

that reflects the “male-associated public realm”. It is argued that the natural care-giving roles of women ensure that their lives are based on relationships of interdependency, making the viability of ‘autonomy’ suspect. This perspective follows that of Carol Gilligan, referred to by Clement (1996, 2) as the “feminine” approach to autonomy, which insists that women are “different” and that the ethic of care should be celebrated. On the other hand, Clement maintains that a feminist approach envisages the ethic of care as the reinforcement of gender stereotypes. An over-emphasis on the inevitability of interdependence in women’s lives thus can contribute to subordination and compromise the autonomy of the caregiver (Clement 1996, 6). This tension becomes more complicated considering that ‘women’ and ‘men’ are not identifiable categories, and that their characteristics are further cross cut by class, ethnicity, and immigration status, for example. Sceptics may consider my use of the concept of autonomy as falsely attributing an ostensibly universal value, arguably derived from a male moral logic, onto all women, despite the diversity among them. On the contrary, following O’Connor et al. (1999), I do not assume that all women have “accepted the goal of autonomy” (35). One cannot assume that an individual can make a choice between an autonomous, individualistic life and life as a caregiver. Rather than dichotomizing the two standards of ethics, I pursue the analysis of feminist scholars who consider the capacity for autonomy as a relational concept (Brison 2000; Clement 1996; Mackenzie and Stoljar 2000).

According to Brison’s (2000) account of autonomy and freedom of expression, the capacity for autonomy is a relational concept in three ways. First, the relative autonomy of individuals depends to a certain extent on interactions with others. Second, there must be a “range of important options available to people” and third, they must be able to recognize these options as viable. As such, individuals will either “fail or eliminate to form preferences

that can't be satisfied because their objects are unattainable" (Brison 2000, 285). Emphasizing the ethic of care therefore is not accepting subordination, as some proponents of the ethic of justice might suggest. The relational approach to autonomy recognizes the importance and value of care-giving work performed by women on both a personal and societal level. However, it also recognizes that gender socialization can directly hamper autonomous agency. Women are not coerced into relinquishing autonomy for unpaid work within the family but "social norms, institutions, practices and relationships" can seriously limit the range of options available to individuals, such that their ability to act or to make autonomous choices is restricted (Mackenzie and Stoljar 2000, 22).

The way child care is institutionalized within a welfare state directly impacts the range of options available to mothers. Women are likely to "filter" the choices they can make when considering certain jobs (OECD 2002, 92), and the price and availability of child care can directly drive this decision-making process. A woman who chooses to engage in unpaid care-giving work instead of paid work is acting autonomously only if her option to enter the labour market was authentic. If the price of child care renders her remaining wages negligible, she has not fully exercised a choice but is responding to the institutional restrictions on her ability to act autonomously. Her remaining choices will be to establish or maintain a relationship of economic dependency on a marital partner or the state. As was aptly stated by Clement (1996, 46): "institutional structures are the fundamental reasons for the pervasive tensions between care and autonomy".

Within a liberal policy regime such as Canada, the labour market is the key for maintaining an autonomous household. As we have seen above, the primacy of the labour market cannot be separated from the need for care-giving, and the relationships of economic

dependency created as a result (O'Connor, Orloff, and Shaver 1999, 66). It could be argued that a lack of affordable child care reduces women's choice to form an autonomous household for only a snapshot of her life course. But this lack of autonomy during childbearing and child rearing years reverberates throughout the life course. As we shall see below, Canada's pension system is one that rewards full-time, full-year employment. Those with interrupted careers, such as women, are more likely to be living in poverty in old age as labour market performance is reflected in pension outcomes. Relationships of economic dependency to either a spouse or the state therefore persist into retirement years. Access to child care therefore, can be considered a crucial variable in women's ability to maintain an autonomous household throughout their life course.

### ***Child care Policy and Women's Labour Market Participation***

To date, research on child care generally falls into two divides. On the one hand, some researchers have focused on the effect of child care and early childhood education on child development (Bushnik 2006; OECD 2003; Richards and Brzozowski 2006). This is a debate about the type and quality of child care available in society and, although important, is not considered as part of this paper. On the other hand, there is a significant stream of research interested in the relationship between women's labour market participation and the availability and affordability of child care (Cleveland, Gunderson, and Hyatt 1996; Ginn 2003; Gornick 1999; OECD 2002; Uunk, Kalmijn, and Muffels 2005; White 2001). This is not to say that the quality of child care is not important in this type of decision-making. However, I assume that in general, and in concert with the literature, women will be more

likely to choose child care if it is affordable, and that the absence or presence of this choice will impact upon their decision to enter the labour market.

Esping-Andersen (1999, 60) asserts that “daycare is the key to reducing women’s unpaid work” (60). However, depending on the way child care policies are institutionalized and administered, this key may be restricted to groups with the most purchasing power. When child care is costly, mothers will reduce or terminate employment, as the cost of child care will in effect lower their market wages (Meyers, Gornick, and Ross 1999, 121). Some scholars have conceptualized women’s decision to work as a microeconomic consumption choice between the “mother’s market income and time spent outside paid work” (Meyers et al., 1999, 141, Note 3). In Canada, Cleveland et al. (1996, 144) demonstrate that “the expected price of child care exerts a statistically negative effect” on women’s decision to enter the labour market. As is aptly stated by Esping Andersen et al. (2001, 71):

“If, as is typical across much of Europe, the cost of full-time, quality care *per child* exceeds a third of mothers’ expected earnings, the resulting real tax on her employment becomes prohibitive”.

Some scholars, such as White (2001, 389) argue that child care services should be included as part of countries’ Active Labour Market Policies. If such policies incorporate the goal of mobilizing the labour supply, then they should focus on the employment of women, including mothers and single mothers.

### **The Canadian Child care System and the Québec Anomaly**

Importantly, state policies determine the extent to which the cost for child care is a private responsibility of households or a public responsibility of the state. Sainsbury (1996,

95) describes state child care policy along a continuum of private versus public responsibility. States which follow the private responsibility model will interfere minimally in the funding or structure of child care provision. Child care is considered a family responsibility, and individuals wishing to access such services must purchase them at market prices. As a last resort, the state may intervene only to assist families in need or children at risk. At the other end of the spectrum is the public responsibility model, characterized by direct state involvement in child care. Children are considered a shared concern of society, the costs of which should be shared by all. Countries closest to the public responsibility model include the Scandinavian states and France (O'Connor, Orloff, and Shaver 1999, 78). These states are characterized by high participation rates in public child care. A classic example is Sweden, whereby 40% of children under three years and 82% of children between three and four were in child care in 1998 (Bradshaw and Finch 2002, 78). The comparative figures for Canada are 5% and 23%, respectively (Bradshaw and Finch 2002, 78).

Not surprisingly, those states that most closely approach a maximum private responsibility model are those that fit within Esping-Andersen's liberal cluster including Canada, the United Kingdom and the United States (O'Connor, Orloff, and Shaver 1999, 79). Canada's child care system is a reflection of its situation within the liberal welfare state typology. In 2002, less than 20% of all children aged 0 through 6 have a space in regulated child care in Canada, compared with 63% for Belgium, 78% for Denmark, 69% for France, 40% for Portugal and 60% for the United Kingdom (OECD 2003, 56). It is no surprise that some scholars have referred to Canada as a laggard with respect to child care policy (Kershaw 2004, 928).

Child care in Canada finds its history in the early 19<sup>th</sup> and 20<sup>th</sup> centuries, and was delivered mainly by voluntary not-for-profit organizations (Prentice 2007, 58). Some state support was offered during World War II to assist working women as part of the war effort, but this was quickly eliminated (Beach and Friendly 2005, 2). Following a prolonged lobbying effort by women's groups and with the support of labour unions, the Conservative government announced a National Child Care Strategy in 1987 (O'Connor, Orloff, and Shaver 1999, 81). Despite being on the federal government agenda for over three decades, talk of a national strategy has never materialized, and remains the responsibility of each individual province (Mahon and Phillips 2002, 209). All provinces offer some subsidization of services which are conditional on social and financial criteria. In Ontario, such criteria, set by each individual municipality, includes adjusted family net income and household assets (Beach and Friendly 2005, 13). However, there is not one province in Canada within which a low-income parent has a "guarantee that the full cost of child care will be subsidized" (Prentice 2007, 63). All provinces set a cap on their provincial subsidy budget, leading to long waiting lists for subsidies (Beach and Friendly 2005, 13). As such, child care subsidies are seen as more of a "welfare service than a right" (O'Connor, et al. 1999, 81). Further, since Ontario child subsidy income thresholds are determined by municipalities at the household level, women with low-earning capacity who are married to a high-income earner for example, will not qualify for the subsidy. As highlighted earlier, Sainsbury (1996) points to the importance of the basis of entitlement of services as a fundamental variable affecting women's autonomy. Given that the basis of entitlement for subsidies is through the family, this benefit is inaccessible to many women in Canada.

Without a national strategy complete with dedicated funding for child care services to the provinces, funding for child care continues to be residual. As recently as 2005, the Liberal government signed agreements with each province and territory, which together would develop a national system of early childhood education and care (Beach and Friendly 2005, 4). This agreement would have committed 5 billion dollars over five years, and would have been Canada's first start at federally-funded child care (Beach and Friendly 2005, 4). The newly elected Conservative government in 2006 however fulfilled only one year of these commitments, after which they were terminated. As promised in their election platform, the Tories offered instead their "Choice in Child Care Allowance", which offered to families \$1,200 per year to each child under six (Conservative Party of Canada 2006, 31). This choice in child care was intended to give families support to either pay for child care or engage in child care in the home.

As many critics have argued, the \$1,200 in child support could hardly provide parents with the ability to choose child care. Except in Québec, child care is a market service which costs parents more than \$8,000 per year per child (Prentice 2007, 62). Further, the Conservative platform refers to choices made by "families" whether to purchase child care. However, it is clear that women continue to be the primary caregivers within households. Kershaw (2004), in discussing the situation in British Columbia, points to the neo-liberal principles masked behind the "discourse of choice" (928). He argues that the discourse of choice espouses "gender-neutral" language whereby the "barriers which contribute to inequalities faced by women" are depoliticized (Kershaw 2004, 928). As we have seen above, research shows that women's employment is often contingent upon the cost-benefit of her market income minus the cost of care (Meyers, Gornick, and Ross 1999, 210-242).

Without an affordable option, women will be less likely to seek paid employment, thus reducing their capacity to form an autonomous household.

With the Conservative government implementation of “choice” in child care, these services in Canada continue to be residual at best. This of course excludes Québec, which in 1997 broke the liberal welfare state mould by implementing its 5\$ (now 7\$) per day child care strategy (Jenson 2002, 309). This rate is paid by all parents, regardless of their individual or household income. Low-income families are supplemented further to the extent that they cannot afford the universal rate (Jenson 2002, 324). This ensures that those collecting social assistance benefits still have access. But it also ensures that those with low-paying jobs can access child care. There is therefore an “incentive to work” among low-income families (Jenson 2002, 321). Before the reform, Québec’s child care system resembled those of the other provinces. For example, in 1996, the average household with children spent \$2,218 in child care expenses compared with \$2,119 for the other provinces. In 2002 this number changed from \$1,392 for Québec and \$2,685 for the other provinces (Lefebvre and Mulligan 2005, 33). This demonstrates that while Québec fees for parents were comparable before the reform, by 2002 they paid only 52% of fees paid by parents in other provinces.

Importantly, the Quebec model deviates from a liberal welfare regime model (as it does from the Canadian norm) by offering affordable child care services to all parents on the basis of individual entitlement. Of course, the Québec system faces criticisms including a lack of daycare spaces and long waiting lists. Further, most child care centres operate during business hours, making accessibility an issue for those working in service industries and shift work. However, these criticisms stand small next to the enormous achievements of the

overall system: Québec accounts for 40% of all regulated child care spaces in the country (OECD 2003, 5) and nearly 60% of all new child care spaces created in Canada between 2001 and 2004 were located in Québec (Roy 2006, 3.5). Furthermore, the proportion of children aged six months to five years in a child care centre in Québec is at 52%, a far jump from the national average of 28% (Bushnik 2006, 17). A recent Statistics Canada report demonstrates that the employment rates of women in Québec have increased markedly since the implementation of the child care policy (Roy 2006, 3.3). In 1976, female labour market participation rates in Québec lagged at 30.0% compared with the rest of the country at 36.5%. After catching up to the national average in 1999, female participation rates increased dramatically, surpassing the national average by 4.2 points, at 76.0% vs. 71.8% (Roy 2006, 3.3). It is therefore a timely question to ask whether there is a direct relationship between female employment rates and child care policy in Canada.

Of particular importance to this study is whether different child care policies have an effect on the labour market participation of immigrant women. As we will review later in this chapter, immigrant women face low employment rates and low earnings. Very little is known however, about the impact of welfare state policies such as child care on their labour market participation. In a recent comparative European study, Kesler (2006) reveals that even though immigrants overall have higher employment rates in Britain and Germany, immigrant women in Sweden have higher odds of employment than their counterparts in the other two countries. The author suggests it is the Swedish institutions (including child care and other 'woman-friendly' policies) that raise employment rates for women regardless of their country of origin (Kesler 2006, 759).

Kesler's finding is important as some authors suggest that immigrant women may not be as open toward the concept of child care as are Canadian-born individuals. Bushnik (2006) for example, argues that parents born outside of Canada are more likely to use informal arrangements such as care in the home by a relative, than their Canadian-born counterparts. As a very brief explanation, Bushnik (2006, 20) suggests that parents born outside the country may have different views of child care and this may explain their differential use of care. To support this suggestion, she cites the OECD report prepared by Leseman (2002), an extensive study of the child care use of low-income and visible minority parents. In fact, Leseman's (2002, 35, 38) article points to a variety of factors influencing choice in child care. According to his review of the literature, the level of household income, persistence of unemployment and the level education are often stronger predictors of child care choice, even though these factors may coincide with ethnic minority status.

Bushnik's implication is that immigrants in general have different views of child care than the Canadian-born population. This assumption may be due to the differential composition of immigrants in the last few decades. Since the 1980s Canada increasingly receives immigrants from Asia, Africa and the Caribbean, and fewer immigrants from Western Europe. As such, newcomers to Canada bring with them a wide variety of cultural and religious values and traditions. Bushnik assumes a quite familiar stereotype: that immigrants tend to be more traditional and conservative than the native-born. However, this is questionable given the ethnic, religious, and socio-economic diversity of both the immigrant and Canadian-born population. For example, one can hardly assume that newcomer families from Sri Lanka will have the belief systems that lead to the same attitudes toward child care as their counterparts from Colombia or Iran. Similarly, we would not

expect to find the same attitudes toward child care among families in rural Northern Ontario as we would find in a dense urban centre like Toronto. I hypothesize instead, along with Leseman, that the factors such as the level of household income and the type of child care policy are far better predictors of the type of child care chosen than place of birth. Research has shown that immigrants, in particular those who have arrived recently, are vulnerable to poverty (Picot, Hou, and Coulombe 2007). As such, their ability to purchase market-priced child care will be limited, meaning that their use of child care relative to the Canadian-born is likely due to their financial situation, rather than an assumed 'immigrant attitude toward child care'. Bushnik's analysis looks at Canada as a whole, which on average has very high costs for child care. Her results show that families with at least one immigrant parent are less likely to use child care centres (Bushnik, 2006, 21). However, without a comparative analysis to examine the effect of differing child care policies, it is impossible to properly test why we see differences among immigrants and the Canadian-born in accessing child care. By comparing the Québec case with Ontario, I predict that immigrants will access child care far more in post 1996 Québec, where services are more affordable.<sup>3</sup> The results of Kesler's (2006, 765) Swedish case are supportive in this regard, as they indicate that child care policies may independently affect the employment rates of women in general, and that child care outside the home is not merely a cultural preference of Swedish women.

### ***Autonomy throughout the life course: Pensions and women in Canada***

We have established that the accessibility of affordable child care is a crucial variable in women's decision to stay in the labour force. Evandrou and Glaser (2003) {{225

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<sup>3</sup> Please see further on in this chapter where I review the dynamics of immigrants in the labour market.

Evandrou, Maria 2003/h; }} show that one third of women in the United Kingdom either reduced or eliminated their labour market activity as a direct result of care-giving responsibilities (586). According to (Korpi 2000, 127-191): “the labour force is the major arena for socio-economic stratification processes in modern societies” (139). Indeed, a framework that can accurately account for gender stratification in society must include an analysis of social programs that are explicitly directed at families, women and/or children (Korpi, 2000, 142). However, this type of stratification is rarely experienced at one period in time. Without adequate child care options available to women, the earnings disadvantages accumulated during what could be their prime working years can be reflected in their pension outcomes, thereby influencing their capacity to be autonomous through to old age. Importantly, time off for care-giving, whether by a full absence from the labour market or through part-time work, produces cumulative negative effects on the lifetime earnings of women. In general, research has shown that the average full-time working woman “will forgo 2 percentage points *per annum* in earnings if she interrupts her career during a 5-year interim” (Esping-Andersen et al. 2001, 85). This is because years spent in full-time care-giving could have been spent in the labour force with a commensurate increase in wages and enhancement of skills. The cumulative loss in income drops to 0.5% per year if the woman instead remains in the labour force as a part-time worker (Esping-Andersen et al. 2001, 85). However, if the cost of daycare exceeds the value of part-time wages, this type of compromise between care-giving and the labour market is not an option for many mothers. The structure of child care policy therefore is a crucial ingredient determining the autonomy of women from their prime working years to retirement. In many welfare states, pension benefits are a direct reflection of the same inequalities developed during earlier working

years. In general, higher earnings over a lifetime translate into higher earnings in retirement, although this depends on the pension structure (Ginn 2003, 8). As aptly stated by Esping Andersen (2001, 40) in his more recent work: “The true extent of polarisation emerges when exclusion becomes permanent”.

Pension benefits are welfare state provisions that allow for exit from the labour market, or ‘decommodification’ in old age. But the level of decommodification in old age depends primarily on the public/private balance of the state pension structure. Public benefits refer to those that are largely organized by the state, and are hence considered a “public responsibility”, whereas private pension benefits include private annuities and occupational pensions (Esping-Andersen 1990, 80-81). The ratio of public to private pensions collected in retirement varies considerably from one country to another. For example, retirees in Canada, the Netherlands, the United States and the United Kingdom gain more than 40% of their income from private sources, compared to states with generous public earnings-related schemes, such as Germany and Sweden, which provide roughly 75% of individual retirement income leaving only 25% to private sources (Marier and Skinner, forthcoming).

Esping-Andersen (1990) uses pension benefits as one of three components (including sickness and unemployment insurance) to measure state decommodification scores. Those states that fit within Esping-Andersen’s (1990) Conservative cluster are characterized by insurance-type pension benefits, leaving very little room for the private market. Benefits are largely determined by occupational status, thus reflecting occupational cleavages from the labour market into old age. States within the Social democratic cluster offer generous public systems, whereby universal social rights take precedence over status privilege. Finally,

Liberal systems, as in much of their other social programs, offer meagre public benefits thereby encouraging individuals to turn to private solutions (Esping-Andersen 1990, 85-86).

But in order to participate effectively in private pension pensions, an individual must have had a substantial and consistent track record in the labour market. Indeed, workplace occupational pensions, known as Registered Retirement Programs (RRPs) in Canada, are most often “associated with high earnings, unionized workplaces, large organizations and full-year, full-time employment” (Street and Connidis 2001, 164). Men, on average, are more likely to enjoy these kinds of benefits, given the restraints care-giving roles place on women. Women continue to perform most of the care-giving duties within the home, including child care and eldercare (OECD 2002, 63). As a result, their work histories are interrupted and often part-time. For example, in 2000, women made up 75% of all part-time workers in OECD countries (OECD 2002, 69). Canada fared slightly better than this average at 70.5%. Part-time work is often associated with low-pay, reduced access to employment protection, and low-benefits (Sainsbury 1996, 106).

With reduced access to the employment security, high wages and occupational pensions, women have less private pension income than men. This can result in drastic disparities in pension income between men and women. The sweeping pension reforms instituted in Chile in the 1980s are an example of pension privatization at its purest. In this system personal savings were translated into annuities based on mortality rates. This disadvantaged women specifically in two respects. First, given the higher life expectancy of women, the annuity amounts were naturally lower. Second, their potential for personal savings were well below those of men due to lower lifetime labour market earnings. Not quite implicit to this design was an assumption that women would be taken care of by their

families (Sigg and Taylor 2005, 81). The Chilean pension model overall is an example of how treating men and women equally does not translate into equal outcomes.

In fact, this is true regardless of the pension system in place. Marier and Skinner (forthcoming) reveal that across 14 OECD countries, among those over 65 years, men receive substantially more income from private pensions than do women. Further analysis of the Canadian pension system is below.

### **Canada's Public/Private Pension Mix**

Canada's pension system is structured according to three pillars. The first two pillars refer to basic and earnings-related pension plans which are public sources of retirement income. The third pillar includes all other sources of private retirement income, including personal savings and occupational pensions. The first pillar, or basic Canadian pension plan, is comprised of Old Age Security (OAS) and the Guaranteed Income Supplement (GIS). Established in 1952, the OAS provides a base pension, intending to replace approximately 15% of the national average wage (Greenan 2002, 3). Since 1989, pension income over \$56,968 (in 2002) is withdrawn at a 15% rate (OECD 2005a, 102). The GIS is supposed to act as a supplement to the OAS, for those who have no other pension income. This is the means-tested component of the Canadian pension system, with income within the household other than the OAS withdrawn at a 50% rate (OECD 2006, 102). The income threshold of the GIS is measured at the household level, not the individual level. This means that even if a woman has zero retirement income, if the income of her spouse is higher than the GIS threshold, she will not be entitled to this benefit. Together with the OAS, the GIS amounts to 30% of average national earnings; amounting to \$11,600 per year in 2002 (OECD

2006, 102). Considering that Canada's low-income cut off (LICO) for a single person in 2002 ranged from 13,371 to 19,423 for rural and large urban areas respectively, (Statistics Canada 2006-03-27), the OAS/GIS combination is hardly adequate on its own<sup>4</sup>.

Although compared to other OECD countries, Canada's first pillar has been successful in maintaining lower poverty rates among the elderly in general (Myles 2000), this assertion neglects the differences in benefits attributed to men and women. Myles (2000) uses figures pertaining to single, unattached women to show how extremely vulnerable groups fare in the Canadian system. Although this type of analysis is important it does not reveal the extent to which women in families have access to independent income, and thus autonomy, within households.

Although men and women tend to benefit equally from the OAS, the GIS is disproportionately used by women (O'Connor, Orloff, and Shaver 1999, 130). That more women access this 'safety net' is an indicator that women are more likely to be in a situation of poverty in their retirement years than men. But immigrants cannot rely upon the 'safety net' of the public pension system in the same way as their Canadian-born counterparts. A full basic pension through the OAS requires residency in Canada for 40 years starting from the age of 18; a criterion that few immigrants can meet. In addition, a minimum of 10 years of residency is required to collect any type of benefit. As mentioned above, many immigrant women are not eligible for social assistance (such as the GIS) for the first ten years of their stay in Canada, due to restrictions under family class immigration policy (Arat-Koc 1999, 37).

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<sup>4</sup> These are before-tax low income cut-offs (1992 base) for a single person. Persons with incomes below these limits usually spent 54.7% or more of their income on food, shelter and clothing.

The second pillar in Canada's pension system is the Canadian/Québec Pension Plan (CPP/QPP).<sup>5</sup> This is an earnings-related plan that is based on lifetime salary. A full benefit requires 40 years of contributions, and is intended to replace, at maximum, 25% of national average earnings (OECD 2006, 102). Given these requirements, it follows that the CPP/QPP offers the greatest benefits to those with the best and most continuous work histories (O'Connor, Orloff, and Shaver 1999, 130). Importantly however, CPP/QPP includes some basic characteristics that help women to maintain an independent income (Street and Connidis 2001, 163). These include credit splitting between spouses in the event of divorce, and the opportunity to exclude up to seven years of low or no earnings while caring for a child under seven (O'Connor, Orloff, and Shaver 1999, 129). Despite the value in these provisions, women still do not benefit from the second pillar as much as men. In 1999, women collected on average 56% of what men collected from CPP/QPP benefits (Gazso 2005, 52). Immigrants are also at a high risk of having incomplete and broken careers combined with low wages. Indeed, the ability to build either social or private pensions is reduced for immigrants because they have migrated half-way through their life cycle (Ginn, 2003: 42). We would therefore expect that immigrants will benefit far less from the Canada's second pillar than the Canadian-born.

Canada's third pillar includes occupational pensions in the form of Registered Retirement Plans (RRP) and personal savings through the Registered Retirement Savings Plan (RRSP). RRP's are built by contributions from employers and employees in the form of a "deferred wage" (Street and Connidis 2001, 164). RRSP's are individualized forms of savings for which contributions are tax-deductible. Not surprisingly, this pillar has important

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<sup>5</sup> There is little variance between the CPP and QPP in terms of benefits, contributions and eligibility (Greenan 2002, 62). Any differences between the two plans are not of relevance for this paper.

gender dimensions. Firstly, the ability to make contributions to RRSPs requires a certain amount of surplus income, which is reduced for those with less success in the labour market. Further, the employer-sponsored RRP is usually linked to “high earnings, large organizations and full-time, full year employment” (Street and Connidis 2001, 164). Immigrant men and women, like most women, are likely to be working in the unskilled services sector and in temporary jobs (OECD 2006, 56-58). We would expect that this would mean that immigrants would be less likely to have jobs equipped with RRP.

### **Immigrant Women: Unfulfilled employment potential and poverty in old age**

Not all women will be affected by child care and pension policies in the same way. Little is known for example, of the impact of this policy on the labour market participation rates of immigrant women. A lack of data on immigrant women’s use of child care for employment is a serious limitation in this regard.<sup>6</sup> A further problem is a divide between the literature on the labour market integration of immigrants on the one hand, and welfare state policy on the other. While many OECD countries have turned to immigration to address issues of ageing and labour market shortages (OECD 2006), very little literature exists on the effect of welfare state policies on immigrant integration. At present, there is a substantial amount of research and policy initiatives, particularly in Canada, on the labour market and earnings outcomes of immigrants. Although immigration is an important component of Canada’s population strategy, low earnings and underemployment among recent immigrants in particular, threatens the integrity of the Canadian immigration model. Of particular

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<sup>6</sup> See Chapter 3 for more details.

concern are the employment outcomes of immigrant women, who face the double effects of gender and immigration. Should a child care policy (or lack of such a policy) impact significantly on the employment rates of both Canadian-born and immigrant women, the ensuing time lost in the labour market will be reflected in pension years.

### ***Immigrants and the Labour Market***

Much of the literature on immigrants and the labour market has reflected either efforts to explain and facilitate the integration of immigrants into the labour market (Bauder 2003; Cobb-Clark and Connolly 2001; Daneshavary et al. 1992; Green and Green 1995; Wanner 2003) or extensive critiques of the inequalities faced by immigrants in the labour market (McLaren and Dyck 2004; Mojab 1999; Arat-Koc 1999; Saraswati 2000). In general, the trend in the literature demonstrates that immigrants are not employed as much and do not earn as much as their Canadian counterparts. This is particularly disconcerting since Canada recruits many of its immigrants based on skills and experience. Since 1967, the Canadian government has recruited immigrants as part of an 'economic class' which attributes points based on age, education levels, occupational training and occupational demand (Green and Green 1995, 1010). This model is so successful that the immigrant population tends to be better educated than the Canadian-born. For example, 18% of all women born outside Canada had a university degree, compared with 14% of Canadian-born women (Statistics Canada 2006, 223). The corresponding figures for men are 23.5% for immigrant men, and 13.8% for Canadian-born men (Statistics Canada 2006, 235).

The assumption behind the Canadian immigration selection system follows that of Human Capital Theory (HCT): that those with higher levels of skills and experience, that is, human capital, will have better success in the labour market, and thus, become overall better integrated. Human Capital Theory (HCT) is widely cited as the “new labour market paradigm” for labour market policy in Canada and other industrialized countries (Banting 2005, 421-429; McBride 2000, 159-177; McLaren and Dyck 2004, 41-53; Courchene 2001). With its roots in neo-classical economic theory, HCT is a useful analytical concept for policy makers and researchers alike. Essentially, its basic function is to “link education and the labour market” (Belfield 2000, 16). Education and training is assumed to be an investment to individuals and therefore must have some general payoff. HCT theorists assume that this payoff will come in the form of increased earnings for individuals, and ultimately, increased productivity for the economy (Courchene 2001, 3; McBride 2000, 161). The arrival of HCT is usually estimated at the same time as the arrival of neo-classical economics in the 1970s (McBride 2000, 160), however, it is important to note that it is a theory that it is increasingly applied to policies dealing with the globalized economy. Indeed, Courchene (2001, 3) enthusiastically advocates the “truly new and exciting paradigm” of HCT to help Canada become an economic success in the “Globalization and Knowledge Information Revolution (GIR)”. According to this rendition, individuals have the opportunity to be the “lead actors” in Canada’s “future social progress” (Courchene 2001, 3). Of course, Courchene recognizes that not all individuals can be in the lead on this journey. Not so implicit in within HCT is that those with higher levels of human capital, that is, higher education and training will have better success than those who do not. In a globalized economy, unskilled labour will eventually be outsourced to other countries, leaving individuals with low-levels of human

capital with depleted earnings and precarious employment (Courchene 2001, 41). Courchene acknowledges that this “polarization between the skilled and unskilled” in terms of employment and wages is already being felt, given that all employment growth of the 1990s is attributed to workers with post-secondary degrees (Courchene 2001, 40).

But it is not just the under-skilled who will suffer in the human capital framework. Research has shown that some individuals do not get the same return for their acquired skills than others. For example, Hudson (2007) finds that “women and racial and ethnic minorities gain far fewer benefits from investments in human capital than their white male counterparts, regardless of industry sector or occupation” (Hudson 2007, 291). Immigrants in the OECD are more likely to be exposed to over qualification, and in Canada are two times as likely to be underemployed than the native-born (OECD 2006, 51). Immigrants are also concentrated in the services industry, which is notorious for its poor working conditions, low pay and job insecurity (OECD 2006, 56). It follows that immigrant workers across industrialized nations have great difficulty gaining employment in the primary labour market, which in general offers higher wages and more job security (Hudson 2007, 289).

The trends facing immigrants in the labour market suggests that certain structural characteristics mitigate against the overall benefits of high levels of human capital. For example, the lack of recognition for foreign credentials and discrimination are cited as fundamental barriers for skilled immigrants (OECD 2006). One author suggests that there is a “double governance problem” starting with the “mismatch” between immigration and integration policies on the one hand, and the multifaceted nature of integration on the other (Giguère 2006, 23). In Canada, great efforts are currently being directed toward more active

labour market integration policies for skilled professionals to address the first problem.<sup>7</sup> Programs such as job search training, mentoring and internships are developing with greater speed as both immigrants and employers put pressure on governments to create more effective means of labour market integration. For example, Ontario now funds Bridge Training programs that provide internationally-trained individuals with an assessment of their skills and a work placement (Ministry of Citizenship and Immigration, October 29, 2007). Among its services to immigrants, Québec has le *Programme d'aide à l'intégration des immigrants et des minorités visibles en emploi (PRIIME)*. This program provides financial incentives to employers for hiring internationally trained immigrants in their profession (Emploi Québec, November 8, 2007). But integration is indeed a multifaceted initiative, involving much more than programs targeted directly at immigrant settlement. Other public policies impact upon immigrant labour market integration, just as these impact the labour market performance of the Canadian-born. There is little research to date however, on the differential impact of social policies such as child care and pensions, on immigrants in Canada.

Just as HCT does not account for the underutilized skills of immigrants within their host countries, its approach is erroneously gender-neutral. While HCT theory is correct in assuming that individuals will on average attain higher incomes if they hold post-secondary education, it cannot account for the disparities in earnings between women and men. Indeed, women are “divided by their human capital”, in that women with high education and significant occupational experience are more likely to be able to purchase child care and further their career (Ginn, 2003, 69). But post-secondary education is not enough to explain the disparities among men and women in terms of earnings. For example, in 2003, the

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<sup>7</sup> For example, the 2006 Canada-Ontario Immigration Agreement.

earnings of full-time, full-year working women were approximately 70% percent of their male counterparts, at all levels of education (Statistics Canada, 2006, 339). This means that high levels of human capital cannot guarantee that women, including immigrant women, will automatically have the capacity to form an autonomous household. Given the gendered responsibilities of caring within the household, women are more likely to have to choose care within the home, especially when the cost of care is high.

### **Assumptions about Women Immigrants**

Women make up over half of all immigrants to Canada, amounting to 1.1 million between 1994 and 2003 (Statistics Canada 2006, 213). Over 72% of women immigrating to Canada enter either as family class dependents or as spouses or dependents of an economic migrant, whereas about 10% arrive as economic migrants themselves (Statistics Canada 2006, 214). Given that women are also less likely to be the principal applicant in the economic class which, as discussed above, is a category of immigration designed to recruit individuals with high levels of human capital for the Canadian labour market, they are often not given full attention as potential participants in the labour market.

For example, in a commendable study of immigrants to three countries similar in immigration policy: Canada, the United States and Australia, Reitz (1998) examines the effects of education, the labour market, immigration policy and the welfare state and their potential for structuring immigrants and visible minorities into low-earnings situations. While this analysis brings a much welcome window on the impact of institutional structures on the labour market participation of immigrants, Reitz does not adequately problematize the labour market participation of immigrant women. On the one hand, Reitz demonstrates that

immigrant men and immigrant women in all three cases have relatively similar levels of education, which in Canada exceed the education levels of the native-born (see Table 4.4, p. 122). On the other, he agrees with Green and Green (1995) that all three countries have a difficult time 'controlling' the skill level of new immigrants due to the priority given to family class immigration. He shows that for every principal applicant there is likely to be on average of three family members included with them. This, he states, will bring the ratio of unskilled/skilled immigrants from 3:1 (p. 79). Reitz therefore assumes that the 'dependents' that accompany principal applicant immigrants are unskilled. As discussed above, most principal applicants are men, meaning that at least one of their dependents is likely to be a female spouse. Although it is not directly addressed in Reitz' analysis, it is understood that these wives are likely to be unskilled, given his reference to the 3:1 ratio. But as we have seen above and from Reitz' own references, immigrant women's education levels are comparable to their male counterparts, indicating that they are active contributors to the high skill levels of immigrants in general. The assumption implicit in Reitz's analysis is that the male immigrants are destined for the labour market but their wives are not (Arat-Koc, 1999, p. 38). This is perhaps why he shows that immigrant women have high education in one chapter, but are generally unskilled dependents in another chapter.

This reference reveals an implicit gender bias that is prevalent in the way that Canada's immigration policies interconnect with other social welfare policies. For example, Arat-Koc (1999) maintains that the gendered aspects of immigration policy reinforce a 'male-breadwinner' model upon immigrant families. The institutions of immigration policy and the welfare state intersect by restricting access to social assistance for family class

members, thereby reinforcing immigrant women's dependency on their husbands (Arat-Koc, 1999, 38).

Reitz' study could have been radically enhanced by incorporating an analysis of social policies such as child care, which have been demonstrated to raise employment rates of women in general. Settlement and integration policies that do not consider the manner in which the social realities of gender and immigration intersect to affect the labour market participation of immigrant women are, in fact, missing half the story. As Kesler (2006, 756) asserts: "the effects of marital status and children are particularly important in understanding immigrant/native-born gaps in joblessness". Such policies may be even more important for immigrant women, given that migrants are less likely to have access to the informal networks of family and friends that could substitute for market care (Wall and Sao José 2004, 616).

This study directly examines the potential impact of Canada's child care policy on the labour market participation of immigrant women. These policies form a crucial part of labour market integration for female immigrants, and therefore a potentially detrimental factor in their ability to lead autonomous lives. A look at pension contributions and outcomes for immigrants in Canada will also suggest the extent to which immigrant women can be autonomous throughout their life course.

As this chapter demonstrates, there currently exists a wealth of literature in the areas of women and the welfare state on the one hand, and immigration and earnings on the other. This thesis attempts to bring together these two streams of research to reveal the impact of certain policies of the Canadian welfare state on the labour market integration of immigrant women. Following feminist scholars of the welfare state, this study maintains that gender roles ascribed to individuals within families actually determine relations at the level of the

market and the state. The presence or absence of policies such as affordable child care can directly impact upon women's ability to lead autonomous lives. Following a lifetime of intermittent employment and lower wages, women's autonomy is further jeopardized in old age. Given that Canada's pension system rewards those with strong labour market attachment, women will continue to lag far behind their male counterparts in pension outcomes. Immigrant women are particularly vulnerable throughout their life course since they face the impact of migration and gender on their labour market and pension outcomes. The following chapters provide us with a greater understanding of the extent to which the Canadian welfare state can impact upon the ability of immigrant women to lead autonomous lives in Canada.

## Chapter 2: Data Source, Methods and Research Design

Based on the questions raised in the discussion above, this chapter focuses on the data and methods used to conduct the analysis. First, I conduct an analysis of the labour market participation rates of immigrant and Canadian-born women and men in Quebec and Ontario. The second half of the analysis will explore the pension outcomes of persons 65 and older, as well as the pension contribution rates of the working population, also controlling for gender and immigration. The research design represents a comparative case study with the purpose of “exposing the biases” (Peters 1998, 147) of certain Canadian welfare state policies, namely child care and pension policies. On the one hand, the universal child care policy in Québec is expected to influence women’s ability to live autonomously during their prime working years. On the other hand, Canada’s pension system is expected to penalize immigrant women, particularly in the way pension benefits are so tightly coupled with labour market success. Upon the completion of this research project we should be able to draw some general conclusions about the impact of child care policies on the employment outcomes of immigrant and Canadian-born women in Québec and in Ontario. This analysis will help determine the ability of individuals to have access to autonomy throughout their life course – from motherhood to old age.

### **Data**<sup>8</sup>

I use restricted microdata primarily from the Survey of Labour and Income Dynamics (SLID), as it provides the best overall match with the data requirements of this analysis.<sup>9</sup>

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<sup>8</sup> For a complete variable list, see the Annex.

The variables in SLID permit me to analyze the employment patterns of Immigrant and Canadian-born men and women, with their level of education, and the presence of young children in their care throughout their life course. Although the National Longitudinal Survey of Children and Youth (NLSCY) by Statistics Canada presents a wealth of data on the use of child care by respondents, the number of immigrants in the study is far too low to permit an analysis between Ontario and Québec. The Longitudinal Study of Immigrants to Canada asks very limited questions about child care use for the purposes of employment. Only SLID provides information on child care use as it relates to employment, and even this data is limited at best. Permission to access the SLID restricted data was met with warnings that numbers may be too low for analysis, especially for recent immigrants. However, all analysis presented in this paper were met with the level of statistical significance appropriate to political science research. See the detailed analytical (Chapters 4 and 5) for an in depth examination of the analysis and results.

A comparison of labour market patterns of immigrant women in Québec at the point of introduction of the Québec universal daycare plan (1996) and after its development as an institution (2004) permit an exploration of the changes it has brought to the employment patterns of the target groups. Although this is arguably a very short period of time to analyze the institutionalization of a program requiring a substantial amount of infrastructure and time for development, Québec's system has made great strides during this time. For example, 60% of all new child care spaces in Canada between 2001 and 2004 were created in Québec (Roy 2006, 3.5). A comparison with employment rates in Ontario will also serve as an important shadow case to the Québec study, as it espouses the private responsibility

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<sup>9</sup> Only the section that analyses pension outcomes of university graduates uses 2001 Census data. See hypothesis 3 below.

model, as does the rest of Canada (discussed in Chapter 1). It could have been possible to compare the Québec case with the rest of Canada. However, comparisons with the rest of Canada would invite too much variation in terms of economic performance, type of economy, and number of immigrants received, for a control case. Ontario as a separate case is interesting, in that this province should offer a high level of employment opportunity to both immigrants and women for a few reasons. First, Ontario has an overall lower unemployment rate than Québec, and this overall lower unemployment rate has remained consistent since before the mid-1980s (Institut de la statistique du Québec April 2007a). Second, Ontario receives a large number of immigrants every year; many more than Québec or any other province. For example, in 2006, Ontario received 125,913 immigrants, compared with 44,693 for Québec (Institut de la statistique du Québec April 2007b). However, despite relatively similar levels of education among immigrants received to both provinces, immigrant employment rates in Montréal, Québec are relatively poor compared to those of Toronto, Ontario (Birrell and McIsaac 2006, 113). For example, in 2002, the employment rate of immigrants who had been in the country for two years or longer was 69% for Toronto compared with 45% for Montréal (Birrell and McIsaac 2006, 113). These differences suggest that immigrants should have a greater chance of employment in Ontario than in Québec. Thus, if the employment rates of immigrant women in Québec are significantly higher than those in Ontario, it will be easier to suggest that this is due to the impact of the universal child care policy.

To compare labour market participation rates, the population used includes those aged 25 to 54, which represents an age group that is most integrated into the labour market (Frenette and Morissette 2005, 247). Before the age of 25, many individuals continue to

pursue post-secondary education and after the age of 54 many individuals may have already retired. For women, this is the age group most affected by child bearing and child-rearing.

To measure the long term effect of child care policy on the capacity for autonomy from childbearing years through to old age, one would ideally have access to longitudinal data. This data would permit the researcher to follow individuals through time and to estimate the correlation between access to affordable child care and poverty in old age. Unfortunately, this type of analysis is not possible for two reasons. First, such longitudinal data does not exist. Although the SLID dataset is longitudinal, the dataset was created in 1993. Thus, the fifteen years from 1993 to 2007 are not enough time to assess the life course effects of child care policies on the labour market participation and eventual pension outcomes of women. For example, a woman at age 25 in 1993 would only be 40 years old in 2007. Her pension outcomes would not be visible until another 25 years later (in the year 2033). Further, the variable of child care expenses appeared in the dataset starting in 1999. This means that measuring the impact of child care expenses over time is impossible.

Although longitudinal data is not available, the cross-sectional analysis that follows brings important results to the analysis of child care policy and the long-term effects of labour market disadvantages among women, including immigrant women, in Canada. In fact, many prominent researchers have used cross-sectional data to estimate macro trends among target groups. For example, Esping-Andersen's (1990) acclaimed work of the Three Worlds of Welfare Capitalism looked primarily at the year 1980, which is only one cross-section in time. In calculating decommodification scores, Esping-Andersen used a variety of variables that related to pension, sickness and unemployment insurance for 1980. On this basis he was able to analyse how welfare states compared to one another. Indeed, Esping

Andersen's work was criticized for using only one reference year in his study. The analysis that follows looks at two different points in time, in order to better estimate trends in employment and pension outcomes according to gender and immigration across the two provinces. In fact, the methodology used for the analysis of employment outcomes resembles that of Ginn (2003). Her analysis looked at the employment rates and earnings of women according to the number of children in the household in conjunction with other characteristics such as level of education, relationship status and age. Below I build on Ginn's technique by adding a second year to the cross-sectional analysis, so that an examination of employment outcomes before and after Québec's new child care policy is possible. Further, this analysis incorporates an examination of not only gender, but also immigration. The interaction between immigration and gender, as measured by the employment and pension outcomes of immigrant and Canadian-born men and women, provides great insight into the impact of child care and pension policies on the capacity to form an autonomous household among these four groups.

It could be argued that earnings are a better measure of the capacity for women to form autonomous households. Indeed, any reduction in the gender gap in employment could be masked by a persisting gender gap in earnings (Sigg and Taylor 2005, 88-89). Using employment rates masks the effect of part-time work and low wages, which contribute greatly to both gender stratification as well as disparities between Canadian versus foreign-born individuals. However, without the use of longitudinal data, the earnings measure becomes difficult to interpret from one snapshot in time. This is because if women maintain employment throughout their life course, their earnings are likely to increase as they age. For example, the average earnings of a woman when she is 25 is not static throughout her

life. By age 60, with regular pay increases and career advancement, her salary can increase exponentially. Second, an earnings measure would not be able to take into account the effect of periodic exits from the labour market. Although measuring the average earnings of employed men and women during child-rearing years will reveal differences in the earnings, even these results are overly optimistic. In fact, if the entire labour force is considered (both those employed and unemployed) in an earnings comparison, the gap would be much greater, given that stay-at-home, unemployed parents will report zero earnings. Moreover, as discussed in Chapter 1, interruptions in employment patterns can produce cumulative negative effects on the earnings of women. For example, even if a 30 year-old woman reports significant earnings at one point in her life, seven years for child-rearing can potentially severely reduce her earnings capacity when she returns to the labour market. In addition to missing the earnings increases she would have accessed with continuous employment, she will also bear the penalty of not maintaining and upgrading her skills. Outdated skills, especially with respect to technology, can drastically reduce employability in a knowledge economy (Courchene 2001, 3). Thus, mothers who take a significant number of years outside of the labour force will not necessarily return to the labour market at the same wage level as their exit. Employment rates, especially of mothers with preschool children, will give a better measure of the likelihood that women maintain an attachment to the labour market throughout their lives, and whether there is a potential for normal wage increase and even career advancement. Recognizing that the earnings gap is still a factor in women's capacity to form autonomous households, in a liberal welfare state such as Canada, as argued above, employment is definitely the best possible route to autonomy.

With respect to old age however, pension income is then an excellent measure of the capacity for autonomy. This is because, most obviously, employment is less likely the primary source of income among those 65 and older. More importantly, pension income is generally quite fixed from the age of 65 onwards. That is, income from the Canada and Québec Pension Plans (C/QPP), are determined based on earnings, but will be consistent from retirement until death. The same is true for most private pensions and annuities from private pensions. As such, the pension income of individuals at any point during their retirement is likely to be consistent from age 65 onwards.

The unit of analysis is the individual, and this is directly related to the concept of autonomy in welfare state literature. The question is whether women have the ability to lead their lives free from dependence on marital relationships. Given that the most effective means for women to ensure their well-being outside of marriage is through the market and individual entitlement to benefits is a crucial dimension of gender equality, household measurements are quite ineffective for two reasons. First, I outlined above the rationale for using employment rates rather than earnings as a measure of the capacity to form an autonomous household during working years, and this measurement is only possible at the individual level. Second, when income is used as a variable, as it is in the section on pensions, household income cannot properly account for the way in which income is distributed within the household. Indeed, it is the dynamics of income distribution within households that is of interest to this study and others focused on gender analysis. Relationships of economic dependency within households are not captured unless individual sources of income are analyzed. It follows then that I focus on women from all marital

categories. Although I will account for marriage in the logistic regressions (described below), descriptive statistics will include all women regardless of marital status.

An important limitation of this study is its inability to directly link the effect of child care use with employment status. The variable measuring child care use in the SLID dataset refers to the amount spent on child care specifically for employment. Thus by design, the 'child care use' variable is unavoidably correlated with employment status. As an alternative I process a separate model which looks at child care use for the purposes of employment in both Ontario and Québec.

A few other limitations of the study merit attention at this point. First, the immigrants selected for the section on employment and child care include all those who were born outside Canada, regardless of date of entry. Insufficient Ns prevent an analysis according to the number and composition of children in the household which includes date or age of entry to Canada. Consistent with the review of literature above, immigrants are particularly vulnerable to unemployment and low income in their first five to ten years in Canada. It can be assumed that within our sample, those who have had less time in Canada will initially perform less well in the labour market, and this variation cannot be captured within the current sample. Despite the limitation in this area, an overall look at the labour market participation of immigrant women with young children is a very important first step in the literature to date. There are currently only two working papers (Lefebvre and Milligan, 2005; Baker, Gruber and Milligan, 2006) that examine the effect of Québec's child care policy on the working patterns of women before and after the reform. Both use econometric analysis and determine a positive effect of the reform on the employment rates of women. However, neither working paper looks specifically at the effects of these reforms on

immigrant women, which is of central importance to this thesis. This section therefore brings a unique analysis of the differences between women that can be attributed to the experience of immigration. Deeper examination of the variation among immigrants can be pursued with further research but is beyond the scope of this study.

The section on pensions permits an opportunity to look at the pension outcomes of immigrants who immigrated after the establishment of the point system. As outlined in Chapter 2, the Canadian immigration system has changed significantly since the 1970s. After this time, Canada shifted its policy from a “nation-building project” that selected immigrants from Britain and Northern Europe, to one based on “objective merit” (Arat-Koc 1999, 36). As such, immigrants are now recruited based on age, education levels, occupational training and occupational demand (Green and Green 1995, 1010). Consequently, the change in Canada’s immigration system has stimulated immigration from Asia, Africa and Latin America, as race, country of origin and ethnicity no longer defined selection criteria. As such, post-1970s immigrants are more likely to be visible minorities than those arriving before this period. Given this sweeping change in policy, I expect that the integration experience to be very different for post-1970 immigrants, and that their pension incomes will reflect this. Importantly, not all immigrants to Canada have entered via the point system. Unfortunately, the dataset does not permit an analysis of differences among immigrants by immigration status. While there may be substantial differences in employment rates between immigrants of economic, family and refugee class, for example, I assume that these differences will be minimal compared to the disparity between all immigrants and the Canadian-born. Furthermore, differences based on ethnicity, country of origin and religion are not accounted for in this study. Although such an analysis would be

interesting, low number counts within the data make this level of detail impossible to determine. Still, this thesis represents a first look at the pension outcomes of immigrants and Canadian-born from a specific standpoint of gender analysis. As such, this thesis presents an important first step in the analysis of the capacity to form an autonomous household of Canadian-born and immigrant women vis-à-vis their male counter parts.

## ***Hypotheses***

Hypothesis 1: The employment rates of women with young children, especially immigrant women, will increase substantially in Québec between 1996 and 2004.

Given that women are more likely to substitute care-giving for labour market activities, they are less likely to be employed while they are caring for young children. The presence of the new daycare policy in Québec, therefore, is expected to have a positive impact on the labour market activity of women, in that it provides an affordable option to continue or resume work in the labour market. I expect an even more positive increase in the likelihood of being employed among immigrant women. Immigrant women, as discussed above, not only face the dual impacts of gender and immigration, but also are less likely to have access to informal sources of care-giving than their Canadian-born counter parts. Their use of child care services therefore is expected to be heavily influenced by the change in price for these services in Québec before and after the daycare reform. Importantly, the changes in employment patterns among mothers with small children could have very little to do with child care policy. Such changes could have been observed Canada wide, for example. To strengthen the results, Ontario is presented as a shadow case. As discussed, Ontario represents a perfect example of the “maximum private responsibility model” of child care which is representative of the rest of Canada. Ontario is thus quite opposite to the

public responsibility model adopted by Québec. If the employment rates from 1996 to 2004 of Canadian-born and immigrant women remain the same in Ontario and rise in Québec, this will help to confirm that the change in employment patterns is related to the Québec child care policy. Ontario's economy has historically performed at a higher rate than that of Québec, it receives a significant number of immigrants every year and these immigrants report consistently higher employment rates than Québec. Thus, if immigrant women with small children are more likely to be employed in Québec versus Ontario, this suggests that a universal child care policy may have a favourable effect on their employment rates. Consistent with the analysis above, employment is used to measure the capacity for women, during their prime working years, to maintain an autonomous household. Thus, if Canadian-born women and immigrant women are more likely to be employed in post-child care reform Québec than Ontario, we can suggest that the universal child care policy in Québec has a positive influence on women's capacity to lead an autonomous household.

Two statistical methods are used to test the above hypothesis. The first method separates the average employment rates of the four reference groups, immigrant men and women and Canadian-born men and women, according to the age of children present in the household (see statistical annex for variable details). After discussing the results Canada-wide, I examine the results in Québec and Ontario before and after the institution of the Québec child care reform. This method permits an isolation of the employment rates during those years when families face the most pressure to engage in unpaid care-giving. In the absence of an affordable child care policy, the time period exerting the most pressure is when children are in their preschool years.

This method is consistent with that of other researchers. For example, White (2001) examines the employment rates of both dual parent families and single mothers according to age of the youngest child in the household. By comparing these rates with other countries, her analysis reveals that employment rates of single mothers with preschool children in Canada are far behind those in European countries with more developed child care systems. This and the dramatic increase in employment rates among single mothers with school-aged children, suggests White (2001, 394), points to the positive influence of care outside the home on the employment rates of women. This same method was used by Ginn (2003) in her analysis of British women's employment over the life course according to various characteristics, including level of education and work experience. Her results demonstrate that even among women with higher levels of education, at least one preschool child present in the household significantly reduces employment rates, especially full-time employment rates (Ginn 2003, 74). Whereas Ginn looks at the United Kingdom only, my analysis takes Ginn's idea one step further by comparing two provinces, thereby comparing two different child care systems. I also include a comparison of Canadian-born and immigrant women, along with their male counterparts. This permits a more detailed analysis of the impact of immigration and gender on the capacity to form an autonomous household during child rearing years.

Although isolating the employment rates of immigrant and Canadian men and women reveal interesting results, the analysis is taken one step further with the use of logistic regression. This statistical method permits a more robust analysis of the variables impacting women's likelihood of being employed in the two provinces. The logistic regression that follows examines the probability of being employed as a dependent variable. In this model,

the dependent variable is listed as 0 if the person is not employed and 1 if the person is employed (see Annex for a detailed variable list). Independent variables in this equation are as follows: whether the person is an immigrant; three variables indicating the level of education including primary, high school, college diploma or certificate and university or higher; the presence of children in the home according to age, including preschool, school-aged and young adult children; marital status; whether the person is a visible minority; and the number of years of full-time, full-year employment. The samples are also controlled for gender and include those in their prime working years only (25-55 years). Four samples are thus used: working aged women in 1) Québec in 1996, 2) in Québec in 2004, 3) in Ontario in 1996, 4) in Ontario in 2004. With these models I am thus able to assess, for example, the impact of the presence of at least one pre-school child on the odds of employment among women in Québec compared with Ontario. This method also grants the ability to look at the impact of other independent variables which may have an impact on the odds of employment, such as level of education and marital status. I also run a second model that looks at the number of preschool children as a continuous variable. This model thus measures the impact of each additional preschool child on the employment rates of the target groups.

This statistical method resembles the work of Kesler (2006, 744-770). This author compared the logged odds of men and women's employment across three countries: Sweden, Germany and Great Britain. With this analysis Kesler was able to determine that immigrant women in Sweden generally have higher odds of employment than in Germany and Great Britain (Kesler 2006, 759). The comparative statistical method used by Kesler reveals important findings not visible with a single country analysis. This is because immigrant

employment rates in Sweden are overall much lower than in Germany and Great Britain. Despite generally poor labour market performance of immigrants in Sweden, the cross-country comparison reveals that immigrant women in Sweden surpass their female counterparts in Germany and Great Britain, where immigrant labour market participation is more probable (Kesler 2006, 759).

Hypothesis 2: The use of child care for the purposes of employment is expected to rise significantly among women, especially immigrant women, in Québec between 1994 and 2004.

Although the effect of child care use on the likelihood of being employed cannot be included in the model for reasons discussed above, it is possible to determine the change in likelihood of using child care for the purposes of employment. I expect that the use of child care, by women, for employment purposes will increase after the institution of the Québec child care policy, and this at a greater rate than that of Ontario.

The statistical method to test this hypothesis resembles the logistic regression described for the odds of employment described above. Rather than testing for the odds of being employed, this section will test the odds of purchasing child care. The use of child care is determined by transforming the child care expenses variable in SLID, into a dichotomous variable. Thus, the dichotomous variable is coded as 0 if the individual reports no child care expenses and as 1 if the individual reports 1 dollar of child care expenses or more. The variable therefore captures the incidence of child care services consumption among individuals in the sample in the specific reference year. The transformation of the child care expense variable is important, as I do not want to measure the impact of the cost of child care services. Using the cost of child care services in a regression analysis would be

confusing, given that high child care expenses are a reflection of the price paid for child care and not the incidence of child care use. Indeed, the reporting of high-priced expenses for child care could either be a reflection of the higher cost of child care in Ontario and/or the consumption of premium priced child care and/or the difference paid for full-time versus part-time care. The dichotomous variable, therefore, controls for the use of child care services, regardless of the price paid for care. Similarly, the dichotomous variable will capture those individuals with child care subsidies. As discussed above, child care subsidies are used in Ontario to offset the high cost of child care services among low-income parents. However, rarely do such subsidies cover 100% of child care fees, which means parents will report some child care expenses. As such, this dichotomous variable will capture all those who access some form of child care, whether they are in low income and receive child care subsidies, or whether they are in a higher income bracket and purchase child care at a premium price.

The inability to distinguish between the types of child care arrangements used among women is a limitation of this study. I cannot analyse, for example, whether mothers are accessing a regulated child care centre in Québec or simply paying a non-relative to provide such care (for example, babysitting services). However, such an analysis is beyond the scope of this study. Of central importance to this analysis is whether the universal child care policy, as it continues to be implemented in Québec, has any impact on women's decision to purchase child care, in whatever form, for the purposes of employment. The impact of waiting lists and accessibility to child care spaces on the employment patterns of women is an interesting topic for future research.

Hypothesis 3: Women, especially immigrant women, are more likely to be living in poverty in retirement years.

As discussed above, a woman's capacity to form an autonomous household is directly related to her ability to earn an independent source of income. In a liberal welfare state, the best way to obtain a viable source of income is through the labour market. However, in old age, the labour market is no longer a viable option for women or for men. After age 65 most individuals are expected to withdraw from the labour market and earn pension income. But women are more likely to substitute non-market, care-giving activities for labour market participation throughout their lives, especially while their children are young. This means that they are likely to forgo contributions to personal savings, thereby reducing their contributions to individualized sources of pension income such as the Registered Retirement Savings Plan (RRSP). Further, time away from the labour force means that they will not be accumulating an occupational pension (should they have access to such a benefit). Importantly the Canada/Québec Pension Plan (C/QPP) will eliminate 7 years of a pension calculation to compensate for reduced C/QPP contributions during child rearing years. However, this does not compensate for the cumulative negative effect on wages and the overall career trajectory. With reduced returns from both the second (C/QPP) and third (RRSPs and occupational pensions) pillars of pension income, both Canadian-born and immigrant women are more likely to rely on first pillar pensions, through Old Age Security (OAS) and the Guaranteed Income Supplement (GIS). Their pension incomes will therefore be much lower than their male counterparts, making them far more vulnerable to poverty in old age. I expect that women in general will be more likely to qualify for the stringent income test of the GIS, which in itself is an indicator of poverty.

Immigrant women face the added complication of the minimum residency test in accessing the OAS. Newcomers are required to live in the country at least ten years before any entitlement to Canada's basic pension. After ten years, maximum benefits are calculated based on forty years residence, with each year of non-residence in Canada withdrawn at a 1/40<sup>th</sup> rate. These restrictions to Canada's basic pension will affect both immigrant women and immigrant men. However, many immigrant women confront the disadvantages in the pension system that affect both immigrants and women. Consequently, immigrant women are likely to access means-tested benefits far more than their male and Canadian-born counterparts. It follows that immigrant women will not collect substantial pension income from Canada's C/QPP or private retirement savings.

The pension outcomes of the four target groups are analyzed using summary statistics from SLID 2004. The figure which analyzes pension outcomes of university graduates uses 2001 Census data. This SLID data proved insufficient due to low sample sizes among the immigrant groups. Average pension income by type of pension is analyzed across the four groups to gauge the major source of retirement income according to immigration and gender. As overall averages can mask extreme values, I also conduct an analysis by income quintile. The income of each target group is thus divided into 5 averages, demonstrating the income levels and pension composition of each group vis-à-vis their counterparts. This is similar to the work of Myles (2000) where he examines the changes in disposable income and source of retirement in 1980 and 1990. His work reveals that the disposable income of unattached senior women rose significantly compared to the average senior population and this was attributed mostly to the maturation of the C/QPP (Myles 2000, 8). This approach also follows the work of Marier and Skinner (2007), whereby Canadian-born and immigrant

pension incomes were measured according to income quintile. It is important to note that a comparison between Ontario and Québec is not necessary in this section. Although pension outcomes reveal the accumulation of earnings and the outcomes of earnings patterns over the life course, it is too early to measure the effects on pensions of the differential child care situation in Québec and Ontario. In 2004, the women at pension age would have experienced the same private-responsibility model of child care policy whether they were in Québec or Ontario during their prime working years. Twenty years in the future, research will be able to examine the relationship between the pension outcomes of Ontario and Québec women and the different child care systems in these two provinces.

As discussed above, longitudinal data would be ideal to examine the long-term impact of reduced labour market activity among Canadian-born and immigrant women in Canada. Perhaps sixty years from now, researchers will have the opportunity to measure the pension outcomes of women who benefited from Québec's child care system versus those who faced the high costs of the rest of the country. In the meantime, this analysis will demonstrate the current trends in pension income, and how both gender and immigration decrease the capacity to form an autonomous household in old age. It is for this reason also, that national averages are a good sample for this part of the analysis. It not necessary to compare Québec and Ontario figures given that the Québec child care reform came long after the child-rearing years of pensioners in 2004.

Chapter 4 addresses hypotheses 1 and 2, while Chapter 5 tackles hypothesis 3. Together, these analytical chapters demonstrate that the impact of both immigration and gender, intertwined with public policies on pensions and child care, impact negatively on the ability of immigrant women to lead autonomous lives in Canada.

## Chapter 3 – Child care policy and Immigrant Labour Market Integration

Child care policy is a topic that stirs much political and academic debate in Canada. On the one hand are advocates of “choice” in child care. In this logic ‘families’ should have the right to choose between having a ‘parent’ stay at home to care for children or purchasing child care services in the market. The present Conservative federal government of Canada is an advocate of this side of the debate. Scrapping the liberal government’s long-awaited promise of investing in a national child care strategy, the Conservative platform promoted parental ‘choice’ as the optimum child care strategy. Theirs, in line with a recent report by the C.D. Howe institute (Richards and Brzozowski 2006), is a rationale that places primacy on giving families the right to choose their form of child care. The discourse of the language of choice is decidedly gender neutral. As discussed above, their new “Choice in Child Care Allowance” provides families with \$100 per month per child, thereby giving parents the option to either provide care in the home or to purchase care for their children. Notwithstanding the insufficiency in the amount of the allowance in providing parents with real choice in child care, a cursory look at the persistent gendered patterns of labour market participation and care-giving responsibilities indicates that the references to ‘families’ and ‘parents’ are in fact pointing to women.

Advocates who argue not for choice but access to child care argue that ‘choice’ in child care is reserved only for a privileged strata of families. Household earnings are the major driver of the capacity to purchase child care when it is based on market prices. As noted by Ginn (2003, 72), homogamous partnering reinforces income disparities. Highly educated individuals with sizeable income capacity tend to form households, thereby

bringing their present and lifetime household income potential to the higher levels. At the same time, households of those with lower levels of education and limited skill sets tend to pool their disadvantages when they naturally engage in homogamous partnering, thereby resulting in overall much lower household income. Single parent families can be severely disadvantaged in this regard. Highly educated immigrants have the more complex problem of having high level qualifications (and are likely partnered with someone in the same situation) but facing the inability to find work in their profession. Inequalities in earnings can therefore stratify families based on race, class and immigration status. The level of earnings, of course, determines a household's purchasing power, and thereby the ability to purchase market child care.

A child care policy that is focused on building women's capacity to form an autonomous household requires affordable child care solutions. If families cannot afford to purchase child care, the resulting solution is to internalize the costs within the household, thereby reducing the mother's present and future earnings. The underperformance of women versus men both in employment and in earnings are a major influence in this regard. In 2005, the average earnings of Canadian women were at 62% of their male counterparts (Statistics Canada 2006, 133)<sup>10</sup>. In most households therefore, it is the woman who will leave the labour market for child rearing, given that her wages are likely lower than her male spouse. Further, the persistence of gender roles in care-giving is evident, given that in most industrialized countries, women continue to perform the majority of unpaid domestic work (Gornick 1999, 211). Clement (1996, 40) argues that "gender socialization defines femininity as self-sacrifice". As such, women may limit their choices to engage in post-

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<sup>10</sup> I am considering earnings from full-time or part-time employment. Although some studies compare gender differences among full-time, full-year earners only, this does not give an accurate picture of the earnings divide between men and women.

secondary education for example, given that care-giving is perceived as their top priority. As discussed in Chapter 1, those countries, including those conforming to the Social Democratic cluster, with well developed, affordable child care systems achieve high female labour market participation rates. In Sweden, for example, the presence of two or more children in the household barely affects the employment rates of mothers (OECD 2002, 78).

If affordable child care is indeed a significant factor affecting the labour market outcomes of women, the time is ripe for testing the effect of the Québec child care system. The analysis that follows addresses the first hypothesis of this study, namely that the employment rates of women with young children, especially immigration women, will increase substantially in Québec between 1996 and 2004.

Figure 3.1 clearly illustrates the gendered relationship that many women with children face in the labour market. Notice that the average employment rates of both immigrant and Canadian-born men remain consistent throughout their life course. Although both groups of men without children report lower employment rates, this is likely due to the disproportionate number of youth, who have not yet entered the labour market, and older workers, who may have retired early. In the other life course stages, the labour force participation of men remains above 90 percent. Male employment rates actually peak with the presence of at least one preschool child in the household.

In contrast, both immigrant women and Canadian-born women follow a strikingly similar connection to the labour market according to the number and composition of children in the labour market. On average, women with at least one preschool child are the least likely to be employed in the labour market. This can be attributed to the intense care-giving responsibilities that are required during the infant through pre-school ages. Immigrant

women seem to be particularly affected in this category, given that their employment rate is almost 15% lower than Canadian-born women and nearly 35% lower than Canadian-born men. The dip in women's employment confirms the results of previous research on women and child rearing. Women's employment rates decline with the presence of a young child in the household, while those of men remain unaffected.

What is astonishing is that the gender divide between immigrant women and men, at 31 %, is inflated next to that of their Canadian-born counterparts at 20%. This suggests that the impact of immigration can amplify gender effects. This is consistent with trends in other OECD countries which indicate that recent immigrant employment rates are consistently below the level of the native-born (OECD 2006, 49), and that immigrant women tend to share the same characteristics as native-born women, but these are accentuated among the former due to the difficulties associated with immigration (OECD 2006, 69). This figure seems to confirm that the effects of motherhood on the employment rates of immigrant women may have a greater negative impact than on those of Canadian-born women.

According to some researchers (Davies, Joshi, and Peronaci 2000, 293-305 cited in Ginn (2003, 69), women with higher levels of education will participate more in the labour force, because their higher earnings will allow them to purchase child care. Similarly, proponents of Human Capital Theory (HCT), maintain that education and training is an investment in individuals and will therefore have a general payoff in the form of higher earnings and greater employability (McBride 2000, 159-177; Courchene 2001).

By reviewing Figure 3.2 it is clear that on average, university-educated men, especially Canadian-born men, maintain high levels of employment no matter what the life course stage. Canadian-born women still see their employment rates dip with the presence of

a preschool child but at a less severe level. In contrast, immigrant women with university education hardly improve their employment rates at all. In fact, employment rates decline steadily with the presence of a child of any age. Although having a university education seems to have increased the earnings of all groups, it did not override the gender disparities due to care-giving roles. In addition, immigrant women seem to benefit the least from their university education.

The decline in labour market participation among women with adult children is puzzling. Two reasons could explain this outcome. First, immigrant women with an adult child may be elderly immigrants who have entered as family class immigrants. These immigrants are based on a family reunification principle and are less likely to participate in the labour market if they were sponsored by their sons or daughters. Unfortunately, SLID does not provide information on immigration status, which prevents me from confirming or nullifying this rationale. The second explanation suggests that elderly immigrant women (with young adult children) are exiting from the labour market in order to care for their grandchildren. Note that the data allows for selection based on the number of preschool children in the household. This means that if these immigrant women are caring for their grandchildren, these children must be in a separate household. Unfortunately, unpaid activity outside the household is not something that I can measure with this data. Even if one or the other explanations were validated, it is not clear why immigrant women with university degrees would be particularly affected. Further research is needed to pursue this issue.

That immigrants in general do not get the same return for their investment in education is an important variable for studying women's labour market outcomes and child care policy. Within a private responsibility model of child care, families must decide

whether to purchase care or to internalize the care-giving within the household. The market income of immigrant women is reduced despite having invested in substantial education, rendering them more likely to internalize the costs of care. In addition, immigrant women, when cohabitating, are most likely to be with an immigrant man. Given that the earnings of immigrants in general are not reflective of their education, we can assume that the combined income of immigrant families is lower than that of the Canadian-born. Indeed, the prevalence of low-income among immigrants is among two-parent families with children (Picot, Hou, and Coulombe 2007, 32). If consumption choice is based on household income, it is likely that immigrant women may opt to stay home with their children rather than purchase child care. Their capacity to autonomously choose to enter the labour market, vis-à-vis their similarly educated Canadian-born counterparts, can therefore be further reduced.

### ***Immigrant Women, Employment and the Québec Anomaly***

The above data suggests that immigration and gender interact to significantly disadvantage immigrant women in the labour market. To what extent can child care policy mitigate against these trends?

Figure 3.3 looks at the employment rates of our three groups in 1996 in Québec, the year before the new child care system was implemented. We can see that the employment rates of immigrant and Canadian-born mothers dip when young children are present in the house. This is especially striking among immigrant women, only 31% of whom reported employment. This figure is less than half that of Canadian-born women, and less than a third of the employment rates of Canadian-born men. The employment rates of immigrant

women therefore seem to be disproportionately affected by the presence of young children in the home.

Figure 3.4 reveals the employment rates after the child care policy had been in developed over 8 years. This data uncovers a dramatic improvement in the employment rates of especially immigrant but also Canadian-born women. For Canadian-born women, the employment rates maintain consistency despite the presence of preschool children in the household. The number of women with preschool children who reported employment increased by 15% among Canadian-born women and by a striking 46% among immigrant women. A perhaps even more exciting finding is the 'rapprochement' of the employment rates of immigrant women to those of Canadian-born women at all life stages.<sup>11</sup>

It is unlikely that this change in the labour market participation of women, both Canadian-born and immigrant, is due to an overall demographic or economic change specific to the labour market in Québec. Not only is this type of macro-analysis beyond the scope of this research, but it is unlikely that the effect of, for example, population ageing, would have an effect on the employment rates of primarily women with young children.

Ontario is an excellent shadow case to test the impact of the new child care reform in Québec, given that it represents the private responsibility model, discussed above. Indeed, individual child care expenses in Ontario are on average almost 30% more than in Québec. Measuring the exact same time-period as in Québec, Figures 3.5 and 3.6 show that the employment rates of immigrant women with preschool children both before after the reform dip significantly. Although the number of both immigrant and Canadian-born women reporting employment increased over this time period, the results pale in comparison to the

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<sup>11</sup> The decrease in reported employment among immigrant women with at least one young adult child is puzzling. Further research is needed to explore this issue.

Québec case. For example, the reported employment of immigrant women with at least one preschool child increased by 11% in Ontario, whereas the Québec figure quadruples this amount. Canadian-born women in Ontario with at least one preschool child saw an improvement of 8.6%, representing just over half the reported increase in Québec during this period.

### ***The odds of employment and child care usage***

Bivariate regressions were conducted measuring the likelihood of women being employed in either province, both before and after the reform. Independent variables included a range of characteristics commonly associated with having an impact on employment such as visible minority status, years of full-time, full-year work experience, and level of education. The impact of preschool children on the odds of employment among women was measured by two models: the first includes a dummy variable indicating the presence of one or more preschool children in the home (see Table 3.1). The second model includes the number of preschool children as a continuous variable, thereby measuring the impact of multiple children in that age group upon employment (see Table 3.2).

Table 3.1 shows that the presence of at least one preschool child in 1996 decreased the odds of the employment of women by about 30% in Québec and in Ontario. Strikingly, in 2004 the effect of having a preschool child in Québec actually increased the odds of women's employment by 20%. In contrast, this same variable continued to have a negative effect on employment in Ontario, albeit less severe. The second model represented by Table 3.2 demonstrates a similar effect. As the number of preschool children in the home

increases, the odds of being employed in 1996 decrease by 27% and 25% for Québec and Ontario respectively. In 2004 in Québec only, the odds of being employed actually increase by 4% for each preschool child in the household. On the one hand, Ontario also made significant gains in this area, in that the odds of employment decrease by only 6% in 2004. On the other hand, the presence of preschool-aged children in Ontario households is consistently a liability for women across the two time periods. In post-reform Québec preschool children seem to have a positive effect on women's employment.

Due to the low number of observations it is impossible to construct a model to measure the effect of these variables on immigrant women as a separate group. However, it is evident that the effect of being an immigrant woman decreased the odds of being employed in all samples except for 2004 Québec. This is interesting, since research shows that overall, immigrants have a more difficult time integrating into the labour market in Québec (Birrell and McIsaac 2006, 21-30). Although the results cannot point to a direct relationship, it certainly suggests that the odds of employment among immigrant women could be due to the unique child care situation in Québec.

As discussed above, an increase in human capital is expected to translate into benefits such as higher employability and wages. Ginn (2003, 69) argues that women with high levels of education, and thus better wages, are better able to purchase child care (even if it is available only at market prices) and continue their career path. Women with high levels of education have better employment rights and benefits (such as employer contributions to maternity leave pay, for example), which allow for a quicker return to full-time employment (Ginn, 2003, 72). According to Table 3.3, more Canadian-born women in Ontario have post-secondary certificates and university degrees than their counterparts in Québec. If higher

levels of education lead to higher wages and a quicker return to work after bearing children, we would expect Canadian-born women in Ontario to have higher odds of employment which is the opposite of these results. Despite the labour market advantages associated with higher levels of education, women in Ontario are not as likely to be employed as in Québec, which suggests that the low cost of daycare is a better predictor of employment outcomes than the amount of individual human capital. Then again, more immigrant women in Québec have university degrees than in Ontario, which would perhaps present a labour market advantage in that province. In fact, the percentage of immigrant women with university degrees increased in both provinces from 1996 to 2004, but far more substantially in Québec (from 8% to 24%). This suggests that immigrant women's increased likelihood of employment from 1996 to 2004 could be due to an educational advantage in the 2004 sample. The section below on child care usage will shed more light on this issue.

Further, it is unlikely that the relative labour market success of women in Québec versus Ontario is due to a surge in economic growth. In fact, the expenditure-based Gross Domestic Product for Ontario grew by 35% from 1996 to 2001, whereas the Québec GDP increased by 32%<sup>12</sup>. Although a crude measure, these figures suggest the difference in employment patterns among mothers with young children cannot be attributed to diverging economic growth between the two provinces.

### ***Child care Use and Child care Expenses***

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<sup>12</sup> Calculated from Statistics Canada Table 384-00023: Gross Domestic Product (GDP), expenditure-based, provincial economic accounts, annual (dollars x 1,000,000). <http://estat.statcan.ca/cgi-win/CNSMCGI.EXE>. (Accessed June 18, 2007)

Interestingly, the child care expenses of Canadian-born and immigrant women differ slightly across the two provinces. Figure 3.7 shows that immigrant women tend to pay more on average than their Canadian counterparts in both provinces, again suggesting that immigrant women are regular consumers of child care services. It is even possible that immigrant women use daycare services more than Canadian-women, and therefore incur more costs. This would make sense since immigrant families are less likely to have networks of extended family and friends available to offset the costs of child care. Table 3.4 shows results from a third bivariate regression model which gives more credence to this idea. Among all women, immigrant women in Québec are almost twice as likely to purchase child care for the purposes of employment as in Ontario. This finding directly contradicts the assumption in the literature discussed above that immigrants may have different attitudes toward child care than their Canadian-born counterparts, which would prevent them from using these services. On the contrary, immigrant women on average, in both Québec and Ontario, are more likely to purchase child care for the purposes of employment than their Canadian-born counterparts.

Also, women who listed primary school as their highest level of education have increased odds of purchasing child care in Québec, compared with decreased odds for those in Ontario. This means that women with even very low levels of education are very likely to purchase child care in Québec. This is interesting on two fronts. First, it suggests that the higher labour market participation of women is not necessarily due to an increase in education levels from 1996 to 2004 (as discussed above). Second, this finding shows that women from a wide range of socio-economic backgrounds are accessing child care in Québec. As discussed above, child care systems which resemble the private responsibility

model are often accessed mostly by the highest income earners. Women with high levels of education, and thereby higher earning power, are more likely to afford market child care than those with low skills (Ginn 2003, 72). These results show that even immigrant women with lower skill sets are accessing child care services in Québec at a comparatively high rate.

Then again, these figures do not provide a complete picture of child care use. Families in Ontario may qualify to have 100% of child care costs subsidized if their household income is below \$20,000 and low-income families in Québec may qualify to pay below the flat rate. Unfortunately, information on child care subsidies is not available in SLID. Still, an increase in each preschool child in the household actually increases the odds of purchasing child care for employment in Québec by 631%, almost double the figure for Ontario. Even if the subsidy program is helpful in Ontario, women in Québec are overall 111% more likely to purchase child care for the purposes of employment, suggesting that this program is heavily utilized by working mothers.

## ***Discussion***

Hypothesis #1 suggested that employment rates of women with young children, especially immigrant women, would increase substantially after the implementation of Québec's universal child care policy. From the findings above, it seems likely that Québec's child care system is not only helpful for women in general, it may have specific effects on the labour market participation of immigrant women. This is important given that many immigrants tend to have substantial difficulties in accessing the labour market and earning income commensurate with their skills. Hypothesis #2 suggested that the use of child care

for the purposes of employment would rise significantly among women, especially immigrant women, in Québec after the implementation of their child care reform. The results above show that immigrant women are also more likely to purchase child care for the purposes of employment which is crucial from a policy-making perspective, especially given the current assumptions in the literature. The comparison of the odds of women's employment across Québec and Ontario therefore achieves a similar effect as Kesler's (2006) work, discussed above. Immigrant women in Sweden are more likely to be employed than those in Germany and Great Britain, suggesting that working is not a 'preference' of Swedish women, but is instead a result of policies, such as child care, which favour maternal employment. Similarly, immigrant women as a group can no longer be assumed to reject the labour market for care-giving within the home. Although other factors, including culture, may be at play at the individual level, the overall effect of affordable child care seems to impact positively on the employment rates of immigrant women.

If the employment rates of immigrant women are particularly affected by child care policy, such services may play an integral role in immigrant labour market integration. Canada's immigration policy, although a model for others in the OECD in terms of recruitment (OECD 2006, 17), may not be achieving its goal in terms of integration. Recent reports highlighting the persistent poverty among recent immigrants are a testament to this point. For future research, it is imperative to dig deeper into the relationship between immigrant labour market participation and other welfare state policies, such as child care.

As discussed above, women's freedom from economic dependence on marital relationships is only possible through the labour market in a 'Liberal' welfare-state such as Canada. If this is the case, women should have the capacity to enter the labour market and

access the necessary child care supports to facilitate participation. The results of this analysis suggest that the choice to enter the labour market is dependent on a range of viable options. Entering the labour market in Québec may be easier for Canadian-born and immigrant mothers of young children, due to the presence of a state-funded, universal child care program, representing a viable option for balancing care and work.

Importantly, the long term effects of precarious labour market attachment can produce cumulative effects on the lifetime earnings of women. Chapter 4 examines the pension outcomes according to gender and immigration, and provides insight into the interaction of pension policies with these two social identities.

## Figures and Tables

Figure 3.1: Percent of persons 25 to 55 who reported employment, according to composition of children in the household, Canada 2004

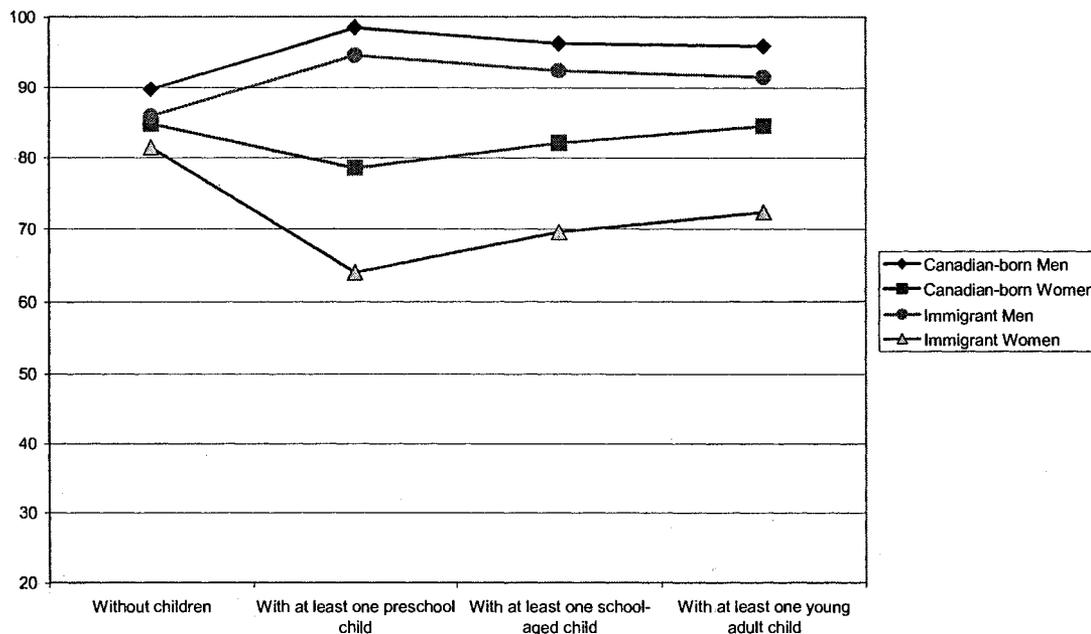
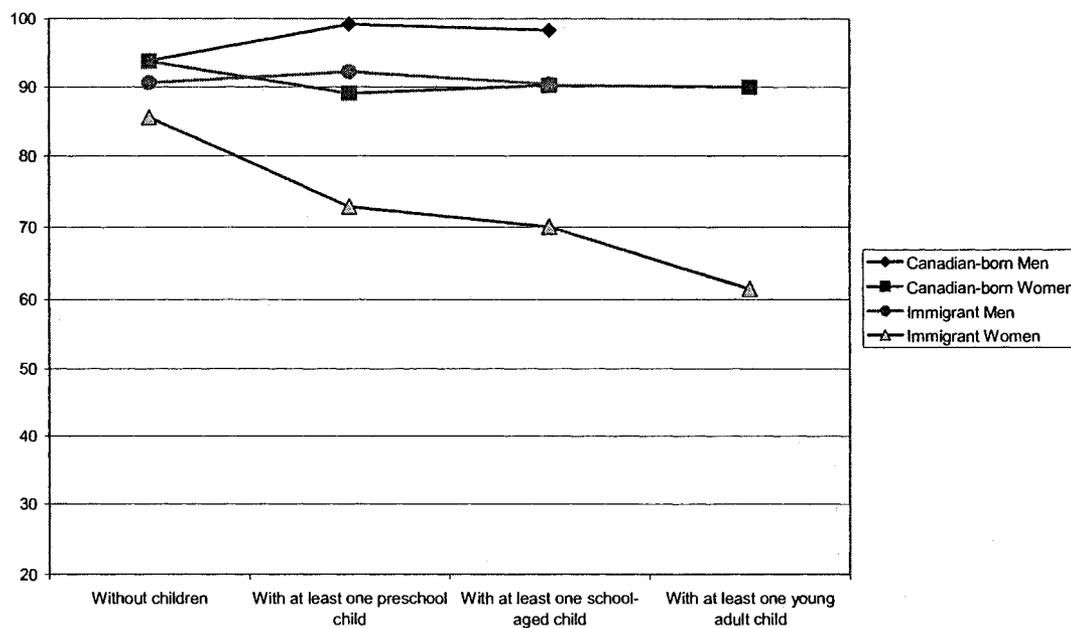
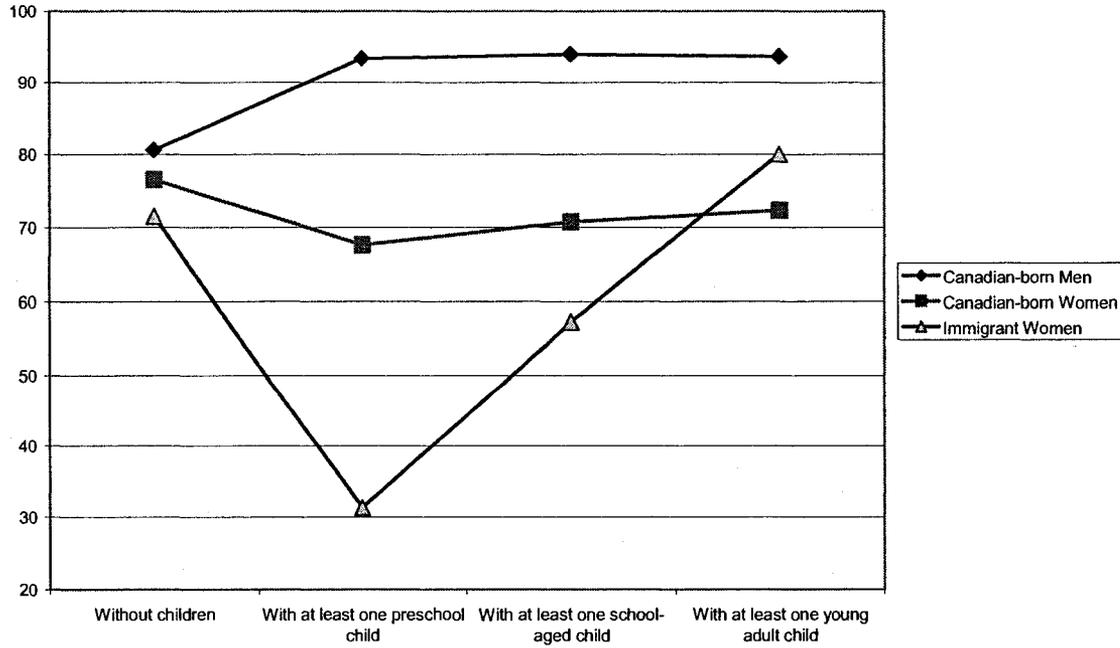


Figure 3.2: Percent of persons 25 to 55 with a minimum of university education who reported employment, according to composition of children in the household, Canada 2004



Note that figures for Canadian-born Men and Immigrant Men were too low for release but in general employment was near 100% for both groups.

**Figure 3.3: Percent of persons 25 to 55 who reported employment, according to composition of children in the household, Québec 1996**



**Figure 3.4: Percent of persons 25 to 55 who reported employment, according to composition of children in the household, Québec 2004**

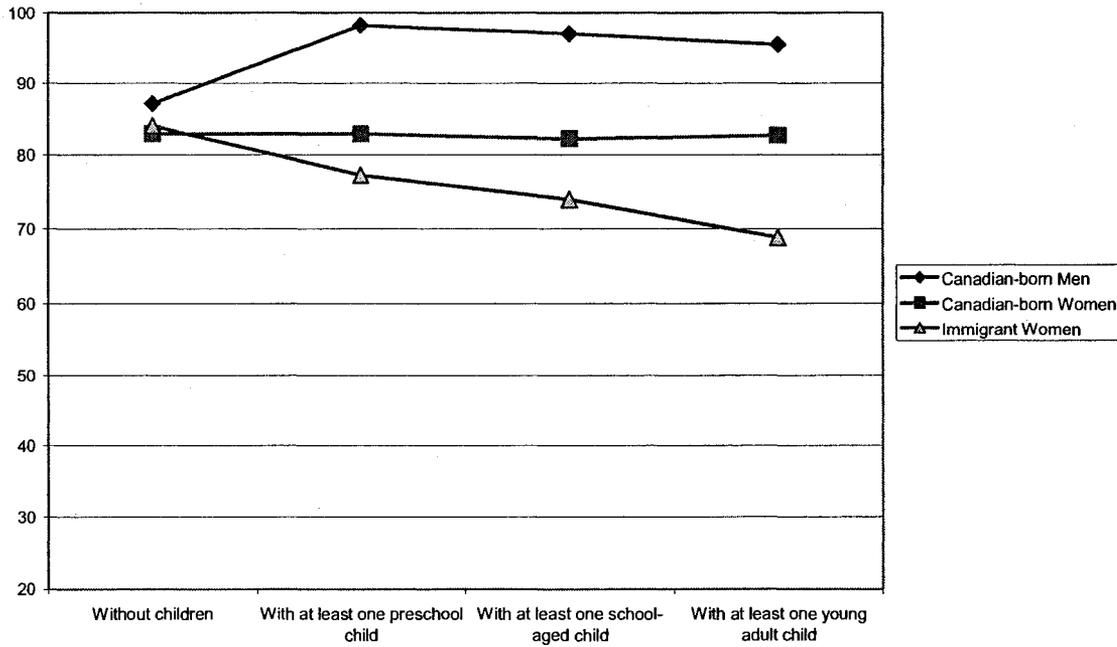


Figure 3.5: Percent of persons 25 to 55 who reported employment, according to composition of children in the household, Ontario 1996

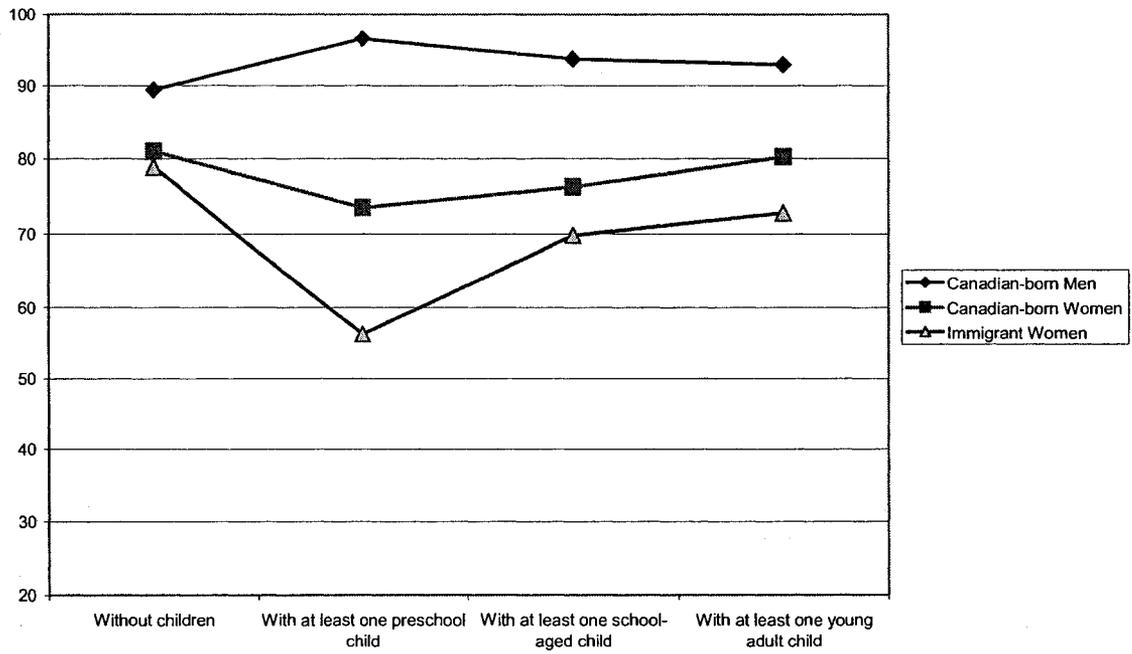
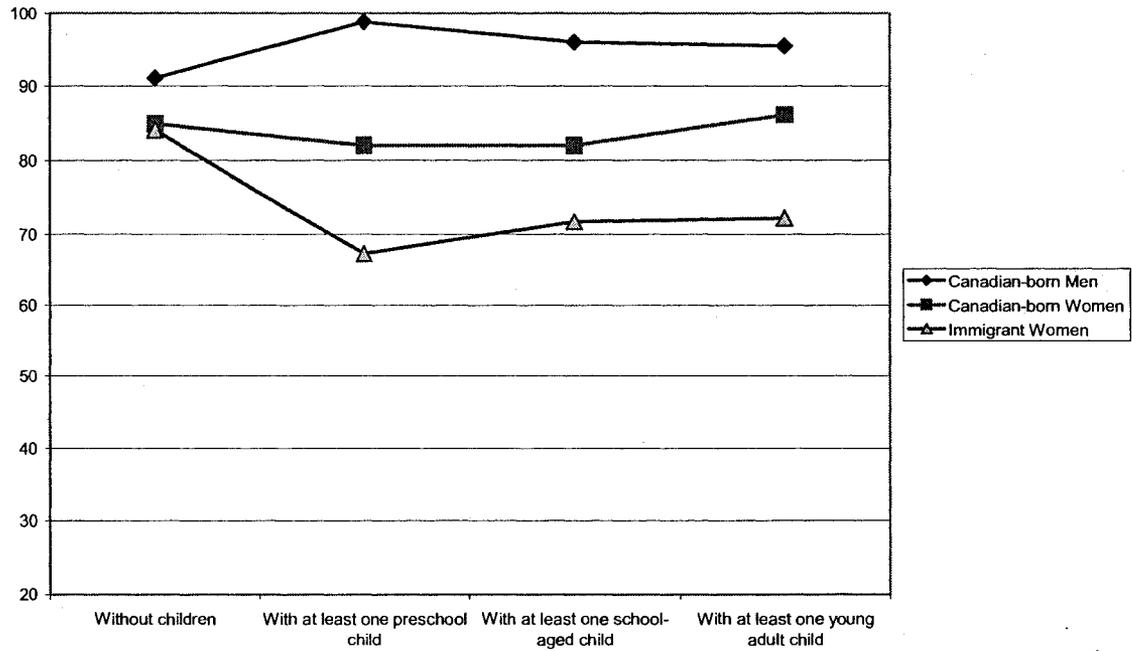


Figure 3.6: Percent of persons 25 to 55 who reported employment, according to composition of children in the household, Ontario 2004



**Table 3.1**  
**Results from Bivariate Regression model 1 for the Odds of Being Employed During the Year, Women**

	Quebec			Ontario		
	1996		2004	1996		2004
	Coeff.	Odds	Coeff.	Odds	Coeff.	Odds
Immigrant	0.984	-2%	1.043*	4%	0.728*	-27%
With at least one preschool child	0.713*	-29%	1.204*	20%	0.700*	-30%
With at least one school-aged child	0.925*	-8%	1.228*	23%	0.986*	-1%
With at least one young adult child	1.071*	7%	0.98**	-2%	0.940*	-6%
Married	1.236*	24%	0.610*	-39%	1.024*	2%
Highest level of education: primary	1.135**	14%	3.470*	247%	0.734*	-27%
Highest level of education: high school	2.929*	193%	5.974*	497%	1.642*	64%
Highest level of education: certificate	4.261*	326%	24.033*	2303%	2.438*	144%
Highest level of education: university	9.825*	883%	40.289*	3929%	4.193*	319%
Visible minority	0.798*	-20%	0.843*	-16%	1.077*	8%
Years of full-time, full-year employment	1.099*	10%	1.113*	11%	1.078*	8%
Intercept	0.314*	-69%	0.192*	-81%	0.913*	-9%
Number of observations	2908		2142		4186	
Nagelkerke R Square	0.27		0.342		0.182	
Cox & Snell R Square	0.189		0.21		0.123	
					3053	
					0.14	
					0.087	

\*significant at .001

\*\*significant at .01

**Table 3.2**  
**Results from Bivariate Regression model 2 for the Odds of Being Employed During the Year, Women**

	Quebec			Ontario		
	1996		2004	1996		2004
	Coeff.	Odds	Coeff.	Odds	Coeff.	Odds
Immigrant	0.996	0%	1.056*	6%	0.716*	-28%
Married	1.261*	26%	0.645*	-36%	1.023*	2%
Highest level of education: primary	1.111***	11%	3.574*	257%	0.757*	-24%
Highest level of education: high school	2.916*	192%	6.310*	531%	1.731*	73%
Highest level of education: certificate	4.279*	328%	25.051*	2405%	2.55*	155%
Highest level of education: university	9.743*	874%	40.821*	3982%	4.385*	339%
Visible minority	0.819*	-18%	0.827*	-17%	1.085*	9%
Years of full-time, full-year employment	1.098*	10%	1.112*	11%	1.077*	8%
Number of preschool children	0.728*	-27%	1.045*	4%	0.751*	-25%
Intercept	0.316*	-68%	0.202*	-80%	0.88*	-12%
Number of observations	2908		2142		4186	
Nagelkerke R Square	0.274		0.34		0.185	
Cox & Snell R Square	0.191		0.209		0.125	
					3053	
					0.138	
					0.086	

\*significant at .001  
 \*\*significant at .01  
 \*\*\*significant at .05

**Table 3.3: Percentage of sample according to highest level of education attained, by gender and immigration, Ontario and Québec**

		Quebec		Ontario	
		1996	2004	1996	2004
CB Men Total N=1479711	Less than high school	26	19	17	11
	High school diploma	27	25	32	30
	Post-secondary certificate	32	37	33	37
	Bachelor degree	13	15	14	17
	Master or Professional degree	2	4	4	5
	Total	100	100	100	100
CB Women Total N=1492226	Less than high school	22	16	16	8
	High school diploma	31	26	34	29
	Post-secondary certificate	35	36	32	41
	Bachelor degree	11	17	15	19
	Master or Professional degree	2	5	3	3
	Total	100	100	100	100
Immigrant Men Total N = 164997	Less than high school	16	12	22	10
	High school diploma	33	27	29	23
	Post-secondary certificate	24	39	29	34
	Bachelor degree	24	18	15	21
	Master or Professional degree	4	5	6	12
	Total	100	100	100	100
Immigrant Women Total N = 164997	Less than high school	42	17	18	12
	High school diploma	25	22	32	32
	Post-secondary certificate	20	29	31	29
	Bachelor degree	8	24	14	19
	Master or Professional degree	5	8	5	8
	Total	100	100	100	100

**Table 3.4**  
**Results from Bivariate Regression models for the Odds of Purchasing child care for the purposes of employment, 2004**

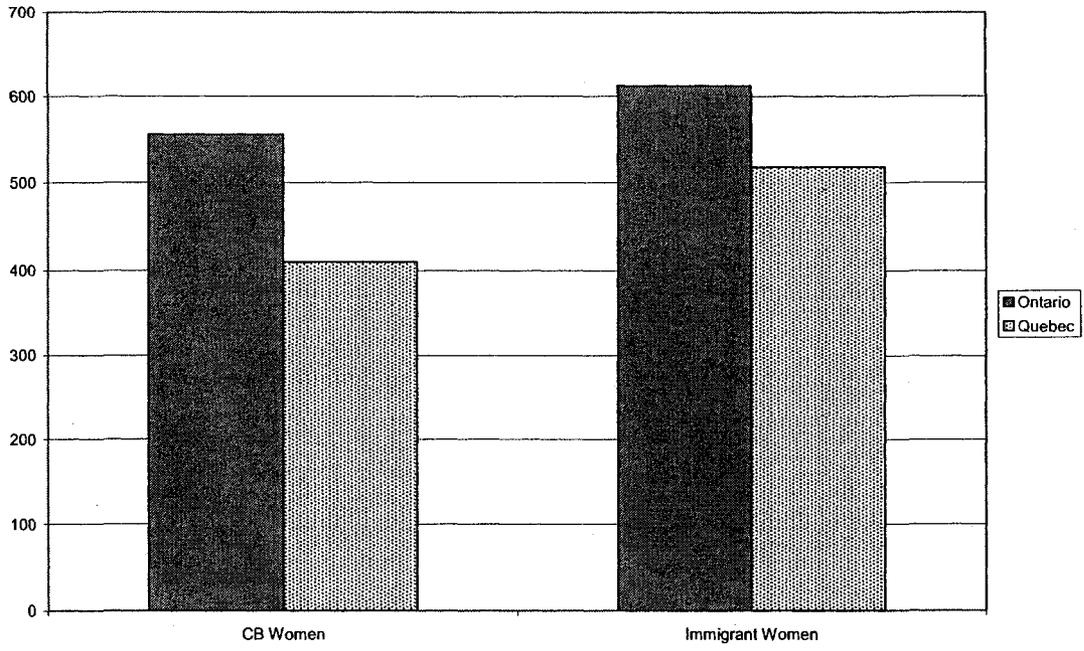
	Quebec		Ontario	
	Coeff.	Odds	Coeff.	Odds
Immigrant	1.993*	99%	1.027*	3%
Number of preschool children	7.31*	631%	4.392*	339%
Number of school aged children	3.655*	266%	3.054*	205%
At least one young adult child	0.319*	-68%	0.285*	-72%
Married	1.334*	33%	1.29*	29%
Highest level of education: primary	16.787*	1579%	0.682*	-32%
Highest level of education: high school	25.886*	2489%	1.124*	12%
Highest level of education: certificate	25.826*	2483%	1.816*	82%
Highest level of education: university	38.287*	3729%	1.527*	53%
Visible minority	3.597*	260%	1.152*	15%
Years of full-time, full-year employment	0.836*	-16%	0.828*	-17%
Intercept	0.001*	-100%	0.032*	-97%
Number of observations	2457		3761	
Nagelkerke R Square	0.497		0.381	
Cox & Snell R Square	0.32		0.214	

\*significant at .001

\*\*significant at .01

\*\*\*significant at .05

Figure 3.7: Childcare expenses by Immigrant and Canadian-born Women, 2004



## Chapter 4 – Pension policy and the poverty of immigrant women

Pension outcomes are an interesting way to measure the effects of differential attachments to the labour market in Canada. In a liberal welfare state such as Canada, the bulk of pension income is determined by labour market performance. As discussed above, both the second and third pillars require continuous employment and high level earnings in order to produce significant returns in retirement. The second pillar (C/QPP) offers some respite for women since up to seven years can be eliminated from the contribution average to account for time off for child rearing. The adjustments are notable, from the perspective of valuing care work and in their ability to reduce what seemed to be penalties for care-giving. However, the low incomes that produce low returns in both the second and third pillars are also due to interrupted careers - which is a reality for mothers who cannot access affordable child care. The cumulative effect of a lifetime pattern of inconsistency in the workforce is lower contributions to the C/QPP, a reduced participation in occupational pensions and inadequate savings upon retirement. Although first pillar pensions are designed with the purpose of keeping individuals out of poverty, benefits are too low to ensure an adequate income.

We have seen in the previous chapter that the likelihood to engage in employment among mothers with young children currently differs greatly from Ontario to Québec. In Ontario and pre-reform Québec, we see that having preschool children is actually a liability for mothers, in that it reduces their odds of employment significantly. Only in post-reform Québec do we see that preschool children actually increase the odds of employment among

mothers. This suggests that child care policies do indeed have the power to eliminate the disincentives to enter the labour market among mothers with young children.

The effect of Québec's universal child care policy upon the retirement income of women will be an interesting research topic for the future, when such women reach retirement age. At this point, it is important to assess the current pension prospects of Canadian-born and immigrant women to see how they have fared in a system without such provisions. With a pension system that rewards high earnings and continuous employment, inequalities faced during working years will often reproduce themselves in retirement. For many immigrant women, the gendered attachment to the labour force, coupled with the impacts of migration and settlement can prove to be disastrous in terms of pension outcome. This chapter demonstrates that immigrant women not only face disadvantages in the 2<sup>nd</sup> and 3<sup>rd</sup> pillars, as do Canadian-born women, but also they cannot benefit fully from the Canada's first pillar. Furthermore, higher levels of human capital do not present the same advantages for immigrants. This chapter therefore addresses the third hypothesis: that women, especially immigrant women, are more likely to be living in poverty in retirement age. The structure of Canada's pension policies, by inadequately responding to lifetime gender disadvantages and by ignoring the impact of immigration, can actually negatively impact the capacity for immigrant women to form autonomous households in old age.

### **Pension Income among Immigrant and Canadian-born Men and Women**

By reviewing Figure 4.1, it is clear that immigrant women earn the least pension income in old age in comparison to our other four groups. Canadian-born men gather a striking 56% more pension income than immigrant women. It is also evident that there are

more than gender differences in these figures. Both immigrant women and immigrant men earn less than their Canadian-born counterparts. Although the literature has shown that in the Canadian pension scheme women earn substantially less than men, this appears to be true only between specific groups. For example, immigrant men have higher total incomes than immigrant women, but they do not earn enough to surpass Canadian-born women. This illustrates the importance of immigration as a significant variable affecting pension outcomes.

In terms of private pensions, Canadian-born men gain over five and a half times more income from this source than do immigrant women. It is clear that Canadian-born men make the most gains in this area. In fact, their income from private pensions alone actually surpasses the total pension income of immigrant women and nearly that of immigrant men. The lack of private pension income among immigrants reflects quite clearly the current trends in immigrant employment. As discussed above, in addition to overall lower employment rates, immigrants are often relegated to low-wage, temporary and precarious employment. Such working environments are rarely equipped with occupational-based pensions, upon which much of third pillar capital are based. Furthermore, the low incomes prevalent among most immigrants during their working years suggest a severe challenge in independently saving for retirement in the form of the Registered Retirement Savings Plan (RRSP). It is not surprising, therefore, that immigrant third pillar pension income is meagre at best.

Similarly, Canadian-born men earn almost six times more income from the CPP/QPP than immigrant women. That immigrants collect significantly less from the second and third pillars of Canada's pension system is not surprising. For example, the CPP/QPP is directly

ted to earnings and employment in Canada over a period of 40 years. As such, immigrants arriving after 1970 are by default destined to have fewer earnings in this area. Although this finding seems inevitable, it is one that reveals the bias of the Canadian pension system against migrants. Although the second and third pillars are supposed to fill the gaps in providing for adequate pension income above the basic first pillar, the inherent structure of these policies cannot serve the same function for immigrants.

Perhaps most disconcerting is the impact of immigration on the collection of first pillar pensions. Canadian-born women and men earn far more in OAS benefits than their immigrant counterparts. Canadian-born women and men approach much more closely the maximum yearly OAS benefit of \$5661.12<sup>13</sup> than immigrants, who on average earn half of this amount. As discussed earlier, 40 years of residency are required to earn the maximum OAS benefit, which likely explains why immigrants arriving after 1970 are not able to collect the full amount. Importantly, the lack of full benefits in this area seems particularly crippling for immigrants given that their income from the second and third pillars is limited.

It is evident that immigrants are more likely to be in poverty in old age than their Canadian-born counterparts given that they earn far more in GIS benefits. As discussed earlier, the eligibility for the GIS is determined by a stringent income test, which by definition suggests household poverty. That many more immigrants actually qualify for the GIS suggests that they are more likely to be living in poverty than their Canadian-born counterparts. Previous work (Marier and Skinner 2007, 20) shows that 59% of immigrant households are accessing the GIS, compared with 42% of households comprised of Canadian-born retirees. Further, immigrant women earn five times more from the GIS than

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<sup>13</sup> This is calculated based on a maximum monthly benefit of 471.76. See Service Canada website for more information: <http://www1.servicecanada.gc.ca/en/isp/statistics/rates/octdec04.shtml#topic3>

Canadian-born men. The GIS makes up just under 45% of immigrant women's pension income, compared with 10% for Canadian-born women. Recalling that GIS income is withdrawn at a 50% rate from all other income sources, the more income received through GIS received points to a deeper level of poverty and a lack of other retirement resources. These results therefore indicate the depth of poverty faced by many immigrant women in old age.

### ***Pension Income Disadvantages at all Income Levels***

The poverty faced by many immigrants, especially immigrant women, is even more evident by examining income quintiles. Following the work of Myles (2000) and Marier and Skinner (2007), I use income quintiles to examine the source and composition of income in old age. Whereas the above authors compared income quintiles across different points in time, this analysis compares across groups by gender and immigration. Table 4.1 reveals that even in the fourth quintile, a substantial portion of immigrant women's income is derived from the means-tested GIS, indicating that a significant number in this group are living in poverty. It is striking that many immigrant women near the highest ranking income quintile for their group meet the poverty levels associated with the GIS income test.

It is important to note also that immigrants, particularly in the bottom two quintiles, earn very little OAS and GIS. Immigrant men and women earn just over one fifth and one quarter of this benefit compared to their respective Canadian-born counterparts. This disparity is likely due to the residency tests associated with these first pillar benefits, discussed above. In fact, if immigrant men and women in the first quintile received the same

amount from OAS as the Canadian-born, they would see their income increase by 45% and 42% or by \$4204.44 and \$3804.82 respectively.

Importantly, the GIS seems to address the lack of other sources of pension income among immigrants. In almost all quintiles, immigrants earn significantly more from this benefit than the Canadian-born. This indicates that the GIS is in fact serving its purpose, that is, in providing an income supplement to those in need.

Also contributing to a safety net for immigrants are other government transfers, which include housing credits, training supplements and other benefits from provincial and municipal governments. Clearly, these transfers seem to be heavily utilized by elderly immigrants. Although detailed data on the nature of these transfers is lacking, further research can shed more light into this area.

Another important finding is the minimal amount of CPP/QPP income collected by immigrant women. In all but the top quintile immigrant women earn on average less than \$1,000 through this pension program. Benefits through the CPP/QPP are telling in terms of labour market participation. As discussed above, contributions to this program are mandatory in the form of payroll deductions. The small amount collected in CPP/QPP benefits at all income quintiles reflects a lifetime precarious participation in the labour market among immigrant women.

Indeed, the trend in CPP/QPP benefits is likely to continue. Figure 4.2 demonstrates that immigrant women contribute the least to the CPP/QPP throughout their life course. Although limitations in numbers prevented an analysis of CPP/QPP contributions by number of children, Figure 4.2 presents contributions by age category. Although not a simulation of the life course, this method offers an “indirect measure of opportunities, constraints,

preferences and outcomes over time, as well as over the lifecycle, even in the absence of long time-series data” (OECD 2002, 63). Not only do immigrant women have the lowest CPP/QPP contribution rates of the four groups, theirs drops dramatically during their child rearing years. Should this trend in contributions continue, CPP/QPP benefits for retired immigrant women will remain minimal.

### ***University Education, Human Capital Theory and Pension Outcomes***

One possible explanation for this huge inequality in pension outcomes could be because of disparate education levels. According to Human Capital Theory (HCT), education and training is assumed to be an investment to individuals and therefore must have some general payoff. HCT theorists assume that this payoff will come in the form of increased earnings for individuals, and ultimately, increased productivity for the economy (Courchene 2001, 3; McBride 2000, 161). As I discuss in my review of the literature above, the potential to save for private pensions and to collect full benefits under the C/QPP relates strongly to consistent participation in the labour market. We should expect, along with the HCT approach, that individuals with higher levels of education should have higher pension outcomes. Perhaps the earnings of Canadian-born men are merely a reflection of their higher levels of education?

The results from Figure 4.3 suggest that this is unlikely. Although each group does experience a growth in pension income with the presence of a university degree, this gain is disproportionately low for immigrants. While Canadian born men and women with a university degree will see their pension income increase by 47% and 46% respectively, the

figures for immigrant men and women are 38% and 36%. It seems then that for immigrant women, having a university education provides the least gains in terms of pension outcomes. Furthermore, the disparities among immigrants and the Canadian-born remain, despite levels of education. For example, Canadian-born, university-educated men earn 25% and 46% more pension income than similarly educated immigrant men and women. Thus, the HCT approach does not apply as easily to immigrants as it does to the Canadian-born.

## ***Discussion***

It appears as though Canadian-born men benefit the most overall from Canada's three pillared system. This is not surprising, given that this group is more likely to have higher lifetime earnings, consistent labour market participation, and access to occupational pension schemes. On average, Canadian-born men still collect a significant amount from the first pillar (OAS) and also consistently accumulate more from the second and third pillars, sometimes doubling the income of immigrant women. The Canadian pension system is structured such that the bulk of pension income is directly tied to consistent performance in and attachment to the labour market. Immigrant women face a double disadvantage in this system. On the one hand, due to migration halfway through their lifecycle, many immigrant women also face the impossibility of contributing a lifetime of savings to the second and third pillars. Barriers for internationally-trained immigrants in acquiring employment commensurate with their skills also prevent many skilled immigrants from accessing the employment with pension benefits. On the other hand, many women's attachment to the labour market is precarious throughout their life course, rendering their pension income from

the second and third pillars to a fraction of that of men. For most women, their roles as caregivers translate into a gendered attachment to the labour market. The lack of affordable child care during their prime working years may prevent an attachment to the labour market and the potential for stable and consistent earnings. Previous work of Evandrou and Glaser (2003, 596) shows that the reduction or elimination of labour market activity among women can persist beyond child-rearing years. In their United Kingdom study, over a third of women who reported a decrease in their work patterns to accommodate care-giving maintained the reduced work hours after the cessation of care-giving responsibilities. The results from the previous chapter suggest that the impact of child care policy on the employment of immigrant women is in fact substantial, and given the current pension structure, could be directly related to long-term disadvantages in income through to old age.

Importantly, the Canadian pension system is equipped with the means-tested GIS, which is designed to alleviate poverty among Canada's most vulnerable elderly households. Indeed, immigrant families seem to be disproportionately benefiting from this program, from which they derive a significant portion of their pension earnings. However, as is vigorously maintained by Esping-Andersen (1990), the welfare state is also a system of stratification. Means-tested benefits, such as the GIS, often stigmatize recipients. Some have argued that means-tested benefits serve to maintain class cleavages (Esping-Andersen 1990, 25) others have argued that they were designed to uphold racial segregation (Quadagno 1994, 8). As outlined earlier, women in general are known to benefit more from the means-tested portion of the Canadian pension mix, due to their inability to secure an adequate income in old age (O'Connor, Orloff, and Shaver 1999, 130). Given that women tend to benefit most from

this particular benefit, it could be argued that the GIS reinforces gender and citizenship divisions.

The poor pension outcomes of immigrants in the Canadian pension system highlight a lack of continuity in immigrant recruitment policy. Many immigrants, although selected on their skills and qualifications and intended for the labour market, are destined to be struggling financially in old age. To alter this outcome, immigration policy would need to intersect with pension policy, by providing concessions for immigrants who have migrated half-way through their life cycle. For example, immigrants who become Canadian citizens could be accorded the full OAS, thus allowing for the same base amount in pension years.

Although this would create more parity for newcomers in the first pillar, it is unlikely that this would alleviate the pension deficiencies among immigrants. The fact that the bulk of pension income is determined by labour market performance means that immigrants are more likely to be at a disadvantage in pension years. If an overhaul of Canada's pension system is unlikely, it is imperative that governments continue to invest in practical solutions that will address the labour market difficulties of immigrants. Within the current pension system, immigrants must rapidly acquire the Canadian-specific skills necessary for entering into employment at a level commensurate with their skills. Labour market integration policies that take into consideration the gender-specific consequences of child-rearing are essential if women are to have this same opportunity.

The intersecting identities of gender and immigration interact with pension policies in a manner that seriously disadvantage many immigrant women. Hypothesis three is thus confirmed: women, especially immigrant women, are more likely to be living in poverty after retirement age. Average pension income among immigrant women in Canada at

\$10,896 is well below low income cut-offs for urban areas, which ran from \$12,617 to \$16,853 for one person households in 2004 (Statistics Canada 2007). Such a low income prevents immigrant women from choosing to maintain an autonomous household in old age. The structure of the Canadian pension policy plays an important role in determining these low-incomes, as demonstrated by a system that demands 40 years of residency for maximum benefits on the one hand, and requires consistent, lifetime labour market participation on the other. Both these requirements are nearly impossible to achieve for many immigrant women, whose lives are impacted by both gender and migration.

## Figures and Tables

Figure 4.1: Pension Income by Source, 2004

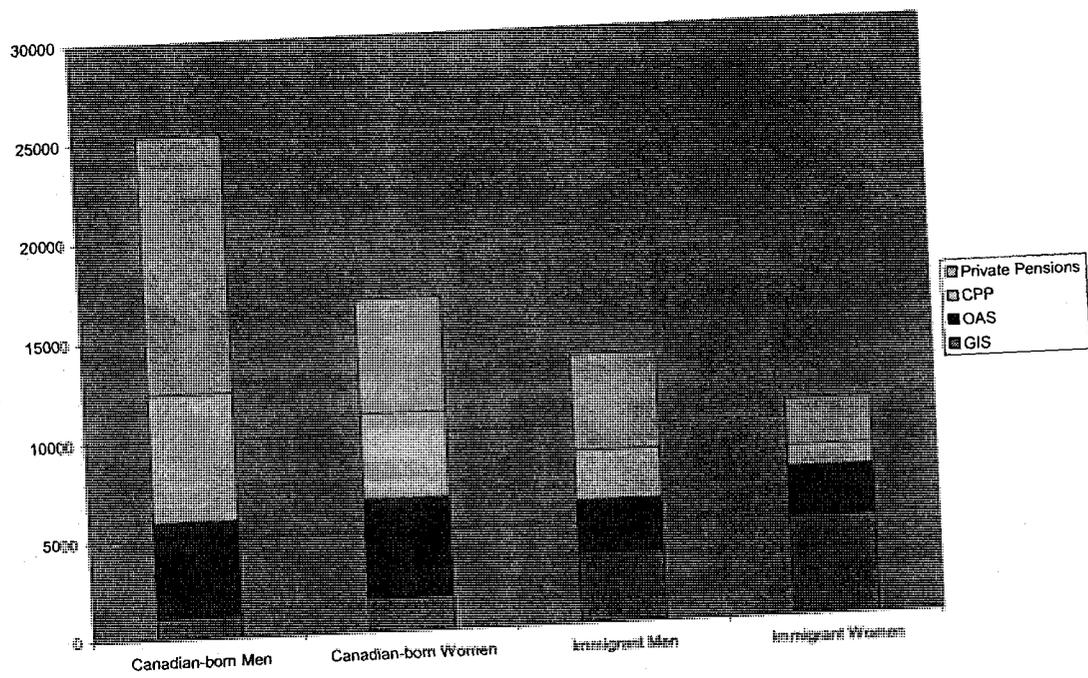


Figure 4.2: Contributions to CPP/QPP by Age, place of birth and gender, 2004

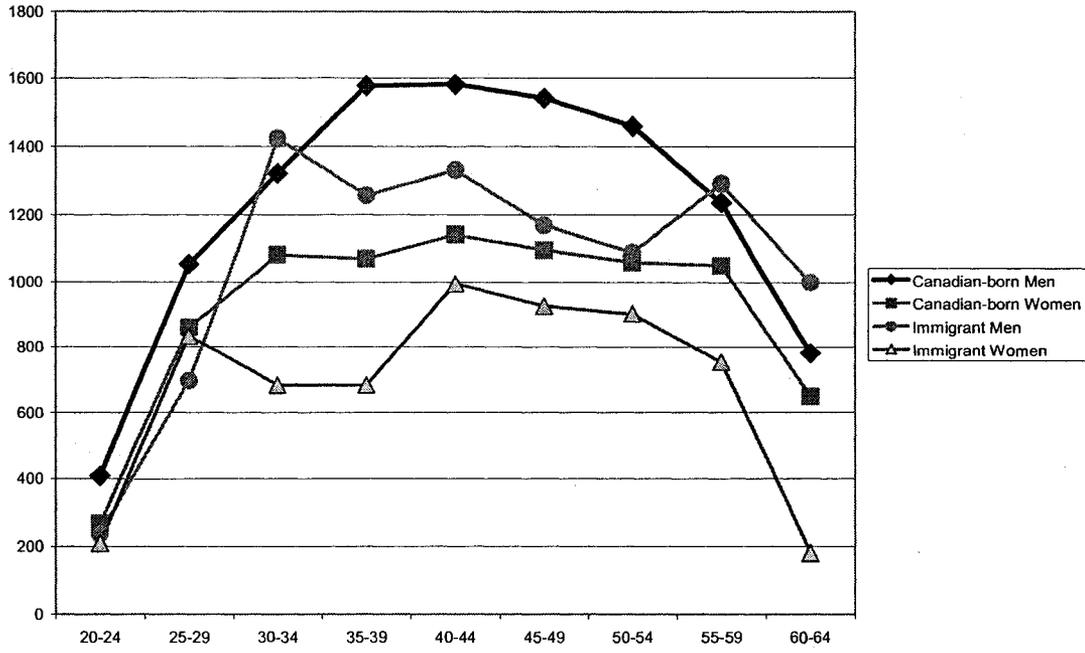
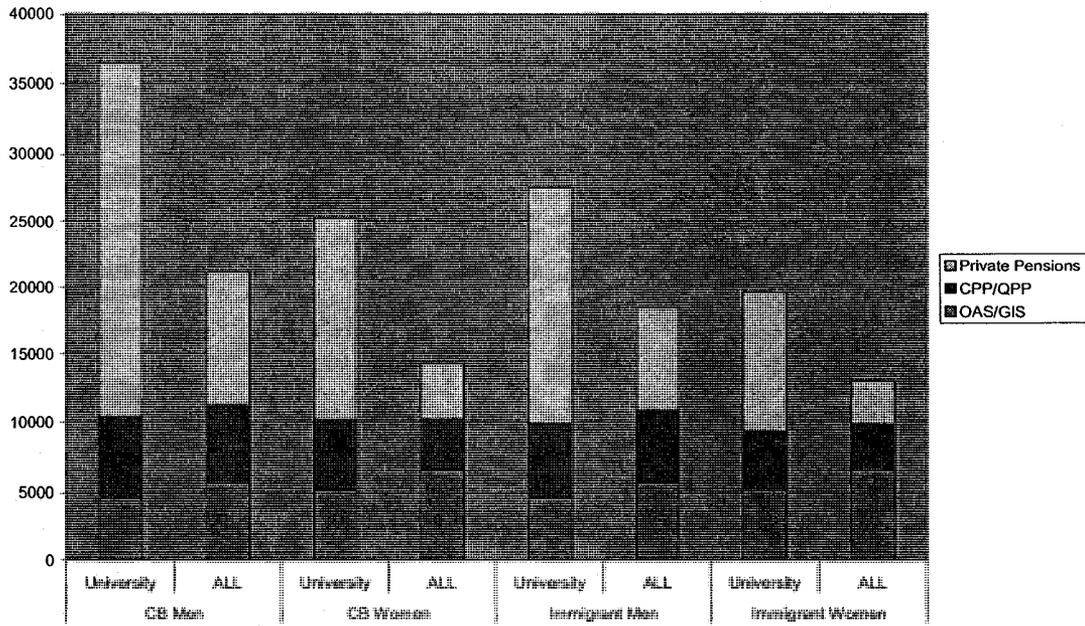


Figure 4.3: Pension earnings by source, according to level of education, gender and immigration, 2001



Source: Canadian Census, 2001

Table 4.1 - Income Source by Quintile, dollars

	Group	Disposable		Annual	Private		Other		Investment	GIS	OAS	CPP/QPP	Other	Taxes
		Income	Income		Earnings	Pensions	Market	Income						
1st	CB Men	13,777.44	180.98	410.12	42.11	373.51	2,474.59	5,309.04	4,457.77	612.15	75.04			
	CB Women	8,544.41	57.00	355.54	33.38	381.18	892.79	5,260.62	1,532.91	123.28	52.75			
	Imm. Men	5,121.77	121.65	22.63	75.43	316.32	2,420.54	1,104.60	515.29	545.31				
	Imm. Women	5,226.08	989.41	102.61	489.61	207.26	1,348.76	1,455.80	215.97	416.67				
2nd	CB Men	18,669.07	378.08	3,388.00	143.52	915.89	1,203.23	5,465.18	6,937.50	851.66	586.84			
	CB Women	13,574.79	134.88	680.94	72.86	751.85	3,278.31	5,455.25	2,691.80	573.69	63.64			
	Imm. Men	11,847.76	-	18.51	-	163.88	5,753.76	2,445.59	1,258.35	2,207.67	-			
	Imm. Women	11,226.21	-	399.09	38.46	375.72	5,286.13	2,965.06	808.63	1,353.11	-			
3rd	CB Men	24,424.38	1,003.66	9,996.69	194.40	1,480.81	322.10	5,442.75	7,357.11	834.36	2,201.63			
	CB Women	16,622.78	213.54	1,689.37	153.98	1,179.47	2,401.84	5,535.46	4,920.87	823.46	294.95			
	Imm. Men	14,485.37	29.76	425.09	52.22	770.36	6,698.97	3,040.49	2,122.93	1,349.98	4.43			
	Imm. Women	13,379.67	651.03	492.84	0.56	303.80	7,586.08	2,406.16	460.25	1,501.64	22.70			
4th	CB Men	32,236.29	2,320.81	19,739.18	328.29	2,452.95	66.82	5,305.48	7,276.12	587.42	5,776.35			
	CB Women	21,422.19	565.19	6,659.79	328.11	2,382.14	563.51	5,412.07	6,275.11	863.05	1,631.78			
	Imm. Men	20,229.70	2,402.61	5,189.41	567.21	3,064.26	2,124.74	3,641.70	3,353.46	695.14	808.83			
	Imm. Women	15,589.92	211.53	1,387.79	0.93	921.85	8,104.67	2,300.70	706.73	1,990.89	35.17			
5th	CB Men	53,812.81	8,820.65	36,493.41	1,535.66	10,808.78	1.94	4,276.55	7,230.64	486.11	15,773.25			
	CB Women	37,716.74	3,653.44	20,578.11	1,088.46	8,385.06	78.90	5,010.82	7,058.48	483.80	8,568.71			
	Imm. Men	35,711.70	9,483.21	18,344.38	941.70	1,867.76	300.13	3,468.51	5,589.43	1,718.39	6,001.82			
	Imm. Women	23,653.04	1,915.37	9,189.44	100.71	3,976.62	2,068.68	4,028.87	3,312.75	1,613.42	2,552.83			

## Conclusion

This study attempts to explain whether immigrant women have less capacity to lead autonomous lives than Canadian-born women. Specifically, I examine the effect of two policies on the relative autonomy of women: child care and pensions. In this effort, I bring together two separate streams of research: feminist theories of the welfare state on the one hand and immigrants and the labour market on the other. Feminist scholars of the welfare state criticize traditional analysis of the welfare state for being male focussed under the guise of gender neutrality. Although Esping-Andersen's (1990) contribution to welfare state literature is notable, his "three worlds" do not account for the differential outcomes of men versus women. Feminist scholars of the welfare state brought gender dimensions to the forefront of welfare state analysis. O'Connor et al. (1999) demonstrated that Esping-Andersen's concepts of de-commodification and stratification only applied marginally to women, given their interrupted and often weak attachment to the labour force. To be de-commodified, that is, to gain relief from the labour market in the form of sickness, pension or unemployment insurance, one would have had to be destined for employment in the first place. Women's primary responsibility for care-giving roles means that much of their lives are directed to unpaid labour. When supports for care-giving, such as child care, are scarce, women abstain from paid labour and instead internalize the cost of child rearing within the home. Given that this work is unpaid, many women rely on economic dependency through marriage or cohabitation to ensure their welfare. Without personal income to ensure their ability to exit the household, many women therefore, do not have the capacity to form an autonomous household. They may be trapped in marriage or cohabitation, either in their

working years and/or in old age. The concept of autonomy therefore, is much more relevant than de-commodification, in analyzing the wellbeing of women in welfare states.

In this study, I show that the capacity for autonomy among women and men continues to be disparate, and this can be mitigated or aggravated by certain child care and pension policies. But even the concept of autonomy, as used currently in welfare state literature, has not fully addressed the situation of immigrant women, who have less capacity to form an autonomous household Canadian-born women. Assumptions by certain authors (Bushnik, 2006) that immigrant women are less likely to use services like child care due to an implied greater tendency toward traditionalism are damaging both from an academic and policy perspective. Among academics, discussions about the limiting aspects of culture, especially when referencing issues such as genital cutting and multiple marriages, continue to spark considerable debate. In such discussions, culture can be seen in opposition to autonomy, and more specifically, as confirmation that “most cultures have as one of their principal aims the control of women by men” (Okin, 1999, 12). But when examining issues such as child care, recognizing the diversity of the immigrant and Canadian-born population is crucial. Researchers and policy makers who assume that ‘the immigrant woman’ is so fundamentally different from the ‘Canadian-born woman’ are presuming differences based on culture when a host of other factors may be at play. People of working age in Canada may have different values toward day care for a variety of reasons other than whether they immigrated to Canada. For example, values may differ based on urban or rural residence, type of religion, level of education and more. More research is needed into the value preferences of the Canadian population before any conclusions can be drawn. As a starting point, this research shows that the cost of child care has a more significant impact on

maternal employment than certain characteristics of the mother (including immigration status, level of education and marriage).

Furthermore, the literature of immigrants and the labour market holds its own assumptions. Prominent scholars such as Reitz (1998) implicitly assume that immigrant women, although comparably educated to immigrant men, are dependents rather than potential labour market contributors. Clearly, a 'male breadwinner' family unit is assumed among immigrant populations. As discussed above, Sainsbury (1996) argues that some states institutionalize the male breadwinner model more than others. Her basis for measuring such institutionalization is the basis for entitlement. However, in Canada, most benefits are based on individual entitlement, rendering its score quite low on the male breadwinner scale. The assumptions in the literature on immigrants and labour market however, show that even though a male breadwinner model is not necessarily heavily institutionalized in Canadian public policy, it can be implicitly ascribed to certain groups. The overall poor performance of immigrant women in the labour market is, among some researchers, assumed to be a lack of willingness to work and a preference for the male breadwinner model. On the contrary, this research suggests that immigrant women are heavily influenced by child care policy, suggesting that a general preference for the male breadwinner model is quite unlikely.

The challenge for future feminist scholars of the welfare state is to more thoroughly examine the effect of public policies on the capacity for autonomy among immigrant women without assuming vast cultural differences between them and their Canadian-born counterparts. This study has looked at two broad groups, immigrant women and Canadian-born women, knowing these groups are far from homogenous. Future research which could examine more closely the effect of culture on child care choices among Canadian-born and

immigrant women by controlling for country of origin or ethnic background, for example. Better data and/or qualitative research will be needed in this regard.

Feminist scholars of the welfare state have also shown that the capacity to form an autonomous household is just as much of a concern in old age as it is during working years. Pension policies which reward full-year, full-time employment are likely to disadvantage women in retirement years. The Canadian pension policy is one that, despite a few concessions, produces consistent income disparities along gender lines. Immigrant women face double negative impacts, as many facets of pension income are inaccessible or reduced for newcomers to Canada. We can imagine a chain reaction whereby women develop precarious employment histories due to a lack of affordable child care. These broken employment histories determine pension income, which is consistently and significantly below that of men. With the residency requirements and further career interruptions experienced by immigrants, pension outcomes will continue to be far below those of the Canadian-born.

This thesis highlights some interesting, although troublesome results in analyzing gender and immigration and the impact of child care and pensions. First, chapter 3 suggests that the universal child care system in Québec seems to have contributed significantly to the increase in employment rates among mothers with young children. In addition, immigrant women are more likely to be employed in post-reform Québec than in Ontario, which is surprising given the overall underperformance of immigrants in the former province. Further, contrary to certain assumptions about the 'cultural preferences' of immigrant women toward child care, immigrant women are more likely to access child care services, especially in post-reform Québec.

This implies that integration programs that focus on the labour market participation of immigrants may be targeting only half of their population in provinces outside Québec. If immigrant women tend to be enthusiastic users of child care services, it is likely that there is a true need and desire to participate in the workforce among many in this group. If child care services are costly, as they are in Ontario, immigrant women may be less likely to engage bridge training and other types of programs designed to link immigrants with employment commensurate with their skills. If this is the case, immigrant women may find it easier to integrate into the labour market in Québec, despite overall poorer performance of immigrants in that province when compared with Ontario.

Second, Chapter 4 shows that the cumulative effects of interrupted careers can produce inadequate pension incomes among women. On average, men continue to have better access to jobs with occupational pension schemes, and are more likely to have the disposable income to direct to personal retirement savings. As such, many women will continue to see their pension income decline vis-à-vis their male counterparts. For immigrant women, the situation is much worse given the impacts of gender and immigration on their ability to build pension assets. We have seen that the bulk of their pension income is derived from the means-tested Guaranteed Income Supplement (GIS), which is in itself an indicator of poverty. In fact, even immigrant women in the top quintile continue to derive a substantial percentage of income from the GIS. Even among university graduates, the total pension income of immigrant women lags far behind that of Canadian-born men and women as well as immigrant men.

Clearly, the Canadian pension system does not work in the favour of immigrants. On the one hand, future pension policy could direct full OAS benefits to immigrants who have

naturalized into Canadian citizens to help alleviate some of the struggles faced by immigrants in old age. After all, immigrants are actively recruited to Canada, and could arguably be entitled to the base amount after having become 'Canadian'. On the other hand, the OAS is not enough to earn an adequate income in retirement. Immigrants need practical solutions to enter the labour market quickly and at the level of their skills in order to begin the process of contributing to both the second and third pillars of Canada's pension system. As discussed above, for immigrant women, part of the practical solution must include access to affordable child care.

The above research suggests that two important Canadian social policies may have substantial impact on the ability of immigrant women to lead autonomous lives in Canada. Programs such job search training, mentoring and internships are developing with greater speed in Canada as both immigrants and employers put pressure on governments to create more effective means of labour market integration. But integration is indeed a multifaceted issue, involving much more than programs aimed directly at immigrant settlement. Comparative research in the OECD (Kesler 2006, 764) shows that immigrants are much more likely to have children, and more of them, than their native-born counterparts. We can expect that the figures for Canada are similar, meaning that child care policy could increasingly become an immigrant issue.

Similarly, as various levels of governments in Canada struggle to deal with rising labour market inequalities between recent immigrants and the Canadian-born, immigrant pension income seems to be a low priority. But as each successive cohort of immigrants age, the restricted access to pensions income is likely to become an important policy issue for immigrant groups and anti-poverty activists alike. The problem of financing pension systems

in the wake of an ageing population is an additional complication. Increasing women's employment is often presented as an important strategy to build the labour market and thus counteract the pension expense for the working generation. Sigg and Taylor (2005, 88) call on governments to develop strategies to make it easier for women to combine paid work with care-giving work including child care, flexible work schedules and gender parity measures in terms of wages and benefits. In addition, immigration is increasingly used as a tool to counteract the effects of population ageing (OECD 2006, 112) by increasing the number of individuals in the labour market who contribute to the C/QPP and taxes, for example. But if immigrant labour market outcomes continue to be weak, their contribution will be limited during their working years, and their benefits will be more likely derived from the means-tested GIS. As successive cohorts of immigrants age, this could contribute to, instead of counteract, the effects of population ageing. Emphasis on programs that facilitate the labour market integration of immigrants at levels commensurate with their education is therefore essential. Active labour market policies which consider child care must also be a crucial consideration for pension policy among immigrants.

Although this study advances the understanding of the dynamics facing immigrant women in the labour market and in old age, better data is needed on the use of child care by immigrant women and their families in Canada. The National Longitudinal Survey of Children and Youth (NLSCY) by Statistics Canada presents a wealth of data on the use of child care by respondents. However, the number of immigrants in the study is far too low to permit an analysis between Ontario and Québec. The Longitudinal Study of Immigrants to Canada asks very limited questions about child care use for the purposes of employment. Only the Survey of Labour and Income Dynamics (SLID) provides information on child

care use as it relates to employment, and even this data is limited at best, given the inability to examine directly the effect of child care on employment. Longitudinal data would also permit a more direct analysis of the impact of child rearing throughout the life course. Tracing the lives of Canadian-born and immigrant women from motherhood to old age would allow for a more in-depth examination of the impact of child rearing on employment patterns and saving for retirement. The Canadian Longitudinal Study on Ageing (CLSA) shows great promise in this regard, although it will be many years before the data collected will be ready for an analysis that carries over an entire life course.

In the absence of enhanced statistical data, future research could pursue data collection in the form of interviews, to fill the gaps. For example, it would be interesting to survey immigrant women in Québec and in Ontario on their perceptions of the major barriers to accessing work in their respective provinces. Specifically, it would be interesting to consider whether women in each province hold different perceptions of the role of child care in facilitating employment.

Further research could also look at the earnings and occupations of immigrant women in Ontario and Québec, and compare how these have progressed since the introduction of the Québec reforms. It would be helpful to examine whether immigrant women are in fact taking up jobs that have upward mobility both in terms of wages and career advancement. In other words, does the affordable child care in Québec push immigrant women into low-paying, low-skill jobs? Or does it encourage women to engage in the skill enhancement that will lead to more meaningful employment and ultimately a greater capacity for autonomy throughout the life course?

Another avenue of research could look at alternate sources of income among immigrants in Canada. Are immigrants engaging in underground work, thus evading C/QPP contributions and passing up the benefits? To what extent are immigrants accessing underground work compared to their Canadian-born counterparts? Are immigrant women, for example, likely to be workers in family-run businesses without being paid a definite wage?

Finally, women may not want to work when they are raising small children. Although the theoretical concept of 'autonomy' is useful, it can over-emphasize the importance of the labour market, without valuing the important work conducted by women in the home. Raising the next generation is indeed of enormous societal value, which currently is only marginally rewarded within pension systems. Indeed, "women pay for pension regimes both through their employment and social reproduction", and this is an important point to remember for future research (Street and Ginn 2001, 32). But as asserted by Korpi (2000, 135), even if women do not want to access the labour market, liberal welfare states offer very little shelter from the need to work. The labour market participation of women, especially immigrant women, is therefore likely to be a continued preoccupation for policy makers of today and in the future.

In this thesis, I have shown that the capacity to form autonomous households among immigrant women is particularly influenced by more general public policies, such as child care and pensions. Further work is required in this area, in order to more fully understand the dynamics between gender, immigration and welfare state policy. Until then, I hope that I have contributed to present understandings of the capacity for autonomy among immigrant women in Canada and abroad.

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## ANNEX – DATA DICTIONARY

### **Immigrant – employment section**

Dummy variable coded 1 if the individual reported being born outside Canada.

### **Immigrant – pensions section**

Dummy variable: in the pensions section, immigrants are those who reported being born outside Canada and who arrived in the country in 1970 or later.

### **Canadian-born**

Dummy variable coded 1 if the individual reported being born in Canada.

### **Married**

Dummy variable valued at 1 for individuals who are legally married, in common-law and/or same-sex relationships and a 0 for non-married individuals, including those who are single, widowed, separated or divorced.

### **Visible minority**

Dummy variable coded as 1 for individuals who are identified according to the Employment Equity Act as being non-Caucasian in race or non-white in colour. This excludes Aboriginal persons.

## Education

### **Highest level of education – primary**

Dummy variable referring to all individuals who never attended school to those who attended elementary and some secondary school but did not graduate from secondary school.

### **Highest level of education – high school**

Dummy variable referring to individuals who graduated secondary school.

### **Highest level of education – certificate**

Dummy variable referring to individuals who graduated secondary school and attended some form of secondary education, including non-university postsecondary certificates and university certificates below a bachelor's degree.

### **Highest level of education – university or higher**

Dummy variable referring to individuals who at minimum have a bachelor's degree. This variable includes those who hold degrees above a bachelor's level, such as a master's degree, professional degree in law, degree in medicine, dentistry, veterinary medicine or optometry or Doctoral degree.

### **Bachelor degree**

Dummy variable which includes only those who have a Bachelor's degree.

### **Master or Professional degree**

Dummy variable including individuals who have a university certificate above a Bachelor's degree, including master's degree, professional degree in law, degree in medicine, dentistry, veterinary medicine or optometry or Doctoral degree.

### **Children and child care**

#### **Number of preschool children**

Continuous variable referring to the number of children in the household of the reporting individual (aged 25 to 55) who are aged 5 or younger.

#### **With at least one preschool child**

Dummy variable indicating the presence of at least one child under 5 years in the household of the reporting individual (aged 25 to 55).

#### **With at least one school-aged child**

Dummy variable indicating the presence of at least one child between 6 and 17 years in the household of the reporting individual (aged 25 to 55).

#### **With at least one young adult child**

Dummy variable indicating the presence of at least one child 18 years and older in the household of the reporting individual (aged 25 to 55).

#### **Without children**

Dummy variable indicating no children are present in the household of the reporting individual (aged 25 to 55).

#### **Child care purchased**

Dummy variable indicating code 1 for individuals, between the ages of 25 and 55, who reported spending one dollar or more on child care expenses. Those reporting no child care expenses are coded zero.

### **Child care expenses**

Continuous variable indicating the total amount of child care expenditures reported by those aged 25 to 55 years.

### **Employment**

#### **Employed**

Dummy variable coded 1 for an individuals, between the ages of 25 and 55, reporting some form of employment throughout the reference year and coded 0 for those reporting no employment during the reference year.

#### **Years of full-time, full-year employment**

Continuous variable referring to the number of years of full-time, full-year work experience reported by each individual aged 25 to 55 years.

### **Pensions**

#### **Private Pensions**

Continuous variable referring to income received, by those 65 and older, from private retirement pensions, excluding withdrawals from the Registered Retirement Savings Plan (RRSP).

#### **Canada/Québec Pension Plan**

Continuous variable referring to income received, by those 65 and older, from C/QPP benefits. Includes disability, death and child benefits.

#### **Pension income: Old Age Security**

Continuous variable referring to income received, by those 65 and older, from OAS benefits.

#### **Pension income: Guaranteed Income Supplement**

Continuous variable referring to income received, by those 65 and older, from the GIS.

#### **Contributions to Canadian/Québec Pension Plan**

Continuous variable referring to contributions, by those between 25 and 55 years, to the C/QPP.

**Other income variables**

**Disposable income**

Continuous variable referring to income after taxes reported by individuals 65 and older.

**Annual Earnings**

Continuous variable referring to income from wages and salaries before deductions and self-employment income of individuals 65 and older.

**Other Market income**

Continuous variable referring to all items of market income not included elsewhere, including support payments such as alimony or child support, reported by individuals 65 and older.

**Other transfers**

Continuous variable including government transfers from federal and provincial governments less reported income from the GIS, OAS and CPP, reported by individuals 65 and older,.