

Family/Demographic Change and the Economic Well-Being of Preschool Age Children in Canada, 1981-1997

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Over the last few decades in Canada, the familial circumstances of couples with young children have changed substantially. Changes in the number and timing of children, the formation and dissolution of unions, and an increase in the labor force participation of women, all have had an impact on the family life and economic conditions faced by Canadian children. The current study examines the importance of these changes to the economic conditions faced by children, for the period 1981 through to 1997. In examining the evolving economic conditions faced by children, the current study places particular emphasis on families with preschool age children.

In a classic study on the interrelationships between family life, the world of work and demographic change, Valerie Oppenheimer (1982) demonstrated how it is precisely families with very young children that were most likely to experience what she termed the “life cycle squeeze”. With the arrival of young children, many families experience economic tensions, as consumption patterns often approach and even exceed family purchasing power. Similarly, the time demands in meeting the needs of young children while simultaneously working outside of the home, often full time, can be particularly demanding. In recognition that families with preschoolers are more vulnerable than other families to tensions as associated with this “life cycle squeeze”, the current study limits its focus to solely those families with at least one child aged 0-5 years.

Several different analyses have considered the importance of family and demographic change to the economic conditions faced by children (Dooley, 1988, 1991; McQuillan, 1992; Picot and Myles, 1996). The current study updates this research through to 1997, while shifting the emphasis to families with particularly young children. In considering solely families with preschoolers, the current study (i) documents recent trends in terms of demographic/family change, (ii) examines recent trends in terms of economic well-being, and (iii) through a multivariate analysis, considers the interrelationships between family/demographic change and trends in terms of economic well-being (1981-1997). An interesting issue to be addressed in this context is whether there is any evidence to suggest that this “life cycle squeeze” has tightened over recent years, when focusing exclusively on families with preschool age children.

Demographic/Family Change

Over recent decades, various offsetting changes in the family life of Canadians have had an impact on the economic well being

of Canadian children. Among the most important demographic changes to have a net beneficial impact on the economic well being of children has been the well-documented fertility decline that followed the baby boom (Romaniuc, 1984). A lowering in the number of children per family has direct economic ramifications, since it is associated with fewer dependent youth per household, and thus, a decline in the number of claimants on family income (Dooley, 1989; Brouillette et al, 1990). We have also witnessed an upward shift in the age pattern of fertility (Ram, 1990; Beaujot et al, 1995; Bélanger, 1999). This is associated with a higher level of economic well being, as adults delay having children until later in their reproductive years when economic resources are generally greater (Oppenheimer, 1988; Grindstaff et al, 1989).

While fertility has declined, non-marital fertility as a proportion of all births has steadily risen. For example, whereas only about 14% of all births were to unmarried mothers in 1981, this percentage increased to fully 36.3% by 1996 (Beaujot, 2000). This growth in the relative number of non-marital births is not the by-product of an increased incidence of fatherless births, but alternatively, due to the growing popularity of common-law unions in Canada. For a growing number of Canadians, common law unions are considered a preferred option to legal marriage, even in the event of children. While the fertility rate of common-law partners continues to be lower than among married couples (Dumas and Bélanger, 1997), this growing popularity of common law unions directly explains the above-mentioned trend in non-marital fertility.

According to the 1996 Census, the percentage of all couples living common-law was 13.7%, more than double the 1981 figure of 6.4%. Among younger cohorts, this change is far more dramatic, as for example, over one half of first unions taking place since 1985 were common law unions rather than marriages (Dumas and Bélanger, 1997). This fundamental change in terms of nuptiality has important ramifications for children, as common law unions are also far less stable than legal marriages - even when they include children (Marcil-Gratton, 1993; Marcil-Gratton and Le Bourdais, 1999). Correspondingly, recent years have witnessed trends toward higher rates of marital dissolution (whether we refer to legal marriages or cohabiting unions).

As with births to single parents, there is ample evidence to suggest considerable economic hardship for both women and children as a by-product of separation and/or divorce (Ross and Shillington, 1989; Dooley, 1991; Rashid, 1994). While the long-term economic repercussions of union dissolution are generally not as difficult as those faced by single women who have births without a partner, in general, children experience considerable economic hardship as a result of their parent's inability to continue their relationship (McQuillan, 1992). As a consequence of both lower proportions married and higher rates of union dissolution, the proportion of all families headed by a

single parent has increased. According to the 1996 Census, fully 22.3% of all families with children in Canada involve a lone parent, compared to 16.6% in 1981. Furthermore, over recent decades, the average age of lone parents has steadily declined, as fewer involve widowhood and a greater proportion is the result of union dissolution and marital breakdown (Peron et al, 1999).

A further change that influences the dynamics of family life in Canada includes a greater involvement of women in the labor force. As is common knowledge, the proportion of women in the paid labor force has climbed substantially among both married and non-married women (Gunderson, 1998). While women with young children have always had lower rates of involvement relative to women without children, it is precisely these women that have experienced the most significant changes over the past few decades. In terms of fundamental life cycle demographic events, increasingly women are involved in paid employment, opting for work outside of the home and additional income rather than additional children.

Past literature has demonstrated how the above-mentioned changes, taken as a whole, have had a net positive impact on the economic well being of Canadian families with children (Dooley, 1989; Kerr, 1992; Picot and Myles, 1996). Irrespective of the well-documented growth in the number of lone parent families, family/demographic changes as defined above have had a net positive impact on the economic well being of Canadian children. The current study updates this research, in considering family/demographic change and income trends from 1981 through to 1997. Again, the emphasis shifts somewhat, in focusing exclusively on families with at least one preschool age child.

Recent Trends, 1981-1997

Table 1 summarizes many of these changes for the years 1981, 1989 and 1997, using data on economic families from the Survey of Consumer Finances. This survey has long provided information on a variety of socioeconomic and demographic characteristics for a sizeable sample of Canadian families

As has been well documented, the largest part of the fertility decline in Canada occurred during the 1960s and 1970s, and is consequently not reflected in Table 1. For example, by the early 1970s, Canada's total fertility rate (TFR) had already fallen below replacement, and has hovered from between 1.85 and its current low of 1.55 ever since. Although the largest part of Canada's fertility decline had already occurred by 1981, average family size has continued to decline - albeit only slightly - and the timing of childbearing continues to shift upward toward older and older ages.

Among families with preschool age children, the proportion with only one child increased steadily (from 35.9% in 1981 to 39.2% by 1997). While earlier decades involved a dramatic

downward shift in terms of the proportion of families having three or more children, more recent years have involved a general stability in terms of the relative number of larger families. Suggestive of a continued trend toward delayed childbearing, Table 1 includes information on “age of reference person”, which for present purposes, is defined as the age of the mother in all but male lone parent families. Throughout the 1980s and 1990s, the proportion of families that involved a young parent continued to decline, such that by 1997, only about a third of all families with preschoolers in Canada involved a mother in her twenties. This is down substantially from over 50% of all mothers with preschoolers in 1981.

Variables	1981	1989	1997
Number of Children			
- one child	35.9	36.2	39.2
- two children	41.7	41.4	39.1
- three children	15.9	16.4	16.2
- four +	6.5	6.0	5.5
Age of Reference Person			
- under 25	18.2	11.7	10.5
- 25-29	33.9	30.2	22.5
- 30-34	29.2	33.7	33.6
- 35-39	11.9	16	21.9
- 40+	6.8	8.4	11.5
Presence of Parents			
- dual parent	90.1	88.1	82.9
- single parent	9.9	11.9	17.1
female lone parent	8.7	11.0	15.8
Number of Earners			
- none	4.5	5.7	9.5
- one	40.6	27.7	28.8
- two+	54.9	66.6	61.7

Source: Survey of Consumer Finances, 1982, 1990 and 1998

A further change of importance to the economic well being of families with young children pertains to recent trends in terms of the presence of parents. Table 1 documents a decline in the proportion of all families with preschoolers that involve two parents, dropping from 90.1% in 1981 to only 82.9% by 1997. Whereas about 1 in 10 families (or 9.9%) with preschoolers were headed by a lone parent in 1981, about 1 in 6 of such families (17.1%) were headed by lone parents by 1997.

Whereas this growth in the relative number of lone parent families implies a continuation of past trends for the full 1981-1997 period, the same generalization is not true of recent figures on the number of earners per Canadian family. Overall, in considering recent trends, the 1981-1989 period is noted for a substantial increase in the proportion of all families with two earners (in moving away from the traditional situation of having only one earner per family). On the other hand, the 1989-1997 period is noted for a discontinuation of this trend, and an actual reduction in the proportion involving two earners. Whereas 54.9% of all families with preschoolers involved two or more earners in 1981, this percentage increased to fully 66.6% in 1989, and then dropped to 61.7% by 1997.

Accompanying this shift toward two earner families has been an increase in the relative number of families with no involvement whatsoever in the labour force. The proportion of families with preschoolers that involved no earners has more than doubled, from only 4.5% in 1981 to 9.5% by 1997. In general, the gains as witnessed in terms of an increased number of two earner families have been at least partially offset by an increased proportion of families with no earners. This is likely associated with the aforementioned growth in the number of female lone parent families.

Family/Demographic Change and Economic Well-Being

The current study uses income data from the Survey of Consumer Finances (SCF). The SCF is conducted on an annual basis, as a supplement to the Canadian Labour Force Survey each April. This survey was designed with the primary purpose of providing reliable estimates on average income and income distribution for individuals and families. In recent years, the SCF consisted of a representative sample of approximately 35,000 households or 65,000 individuals. As with other Statistics Canada surveys, the SCF has an excellent response rate at about 80%, and collects detailed information on various socio-demographic and labour force characteristics of Canadian families.

After setting all dollar figures to constant 1997 dollars, it is possible to derive comparable income statistics for families with preschoolers for the full period 1981-1997. It is, of course, recognized that total family income is a flawed indicator of economic well-being. Attempts to document economic well-being compel, among other things, some adjustment of income to take account of economic need. As merely a simple example, there is little debate that larger families require larger incomes to obtain a comparable level of economic well-being overall relative to smaller households.

In an effort to account for such differences in economic need, a commonly employed convention is to examine the "*income to needs ratio*" of different families. This ratio is computed by dividing total family income by some sort of standard income,

meant to represent a level of income required in order to meet the basic economic needs of that family. As there is no solid consensus in the literature as to the most appropriate standard to be employed in the definition of economic need, the current study has selected Statistics Canada's 1992 base low income cutoffs as the denominator for this ratio. Non-surprisingly, these cutoffs are weighted such that larger families require higher income in meeting their economic needs while 'economies of scale' also develop as size increases. Furthermore, these cutoffs are weighted differently, depending upon whether a family lives in a major metropolitan area, a smaller city, or a rural area.

Table 2 presents average family income and the income to needs ratio for 1981, 1989 and 1997 respectively (with all figures converted to constant 1997 dollars). Overall, gains are documented over the 1981-1989 period, and a slight decline in economic well-being over the 1989-1997 period. This is true overall for all families with preschoolers, and generally true across most categories of the family/demographic variables included in Table 2. Overall, average income was up, from \$51,542 in 1981 to \$56,524 by 1989, and down again to \$54,245 by 1997. This translates into a shift in the income to needs ratio, from 1.87 in 1981 to 2.0 by 1989, and back down to 1.91 by 1997.

	1981	1989	1997
Average Family Income	51,542	56,524	54,245
Average Income to Needs - weighted average	1.87	2.00	1.91
Number of Children (under 18)			
- one child	2.07	2.13	2.05
- two children	1.83	1.99	1.91
- three children	1.67	1.84	1.74
- four +	1.58	1.78	1.49
Age of Reference Person			
- under 25	1.50	1.45	1.15
- 25-29	1.91	1.83	1.76
- 30-34	1.96	2.11	2.02
- 35-39	2.07	2.31	2.13
- 40+	1.98	2.30	2.17
Presence of Parents			
- dual parent	1.96	2.13	2.10
- single parent	1.04	1.04	1.01
- female lone parent	0.94	0.97	0.93
Number of Earners			
- none	0.49	0.63	0.57
- one	1.62	1.54	1.45
- two+	2.17	2.31	2.33

Source: Survey of Consumer Finances, 1982, 1990 and 1998

In reviewing the variables as listed in Table 2, it should come as no great surprise that families with a greater number of children are found to generally experience lower levels of economic well-being. For example, the income to needs ratio of families with four or more children in 1997 was 1.49, which compares to an income to needs ratio of fully 2.05 for families with only one child. Similarly, Table 2 demonstrates the clearly advantageous circumstances faced by families where the parents are older. Consequently, it is anticipated that recent trends in terms of smaller family size and deferred childbearing have had a beneficial impact on the economic circumstances of Canadian families.

In considering the economic hardships as typically associated with female lone parent status, figures in Table 2 are certainly consistent with what has been documented elsewhere. On average, female lone parent families with preschoolers have an income to needs ratio that is less than 1.0; which implies that their income, on average, is actually lower than Statistics Canada's low income cutoffs. Whereas dual parent families and male lone parent families witnessed some gains over the full 1981-1997 period, female lone parent families with preschoolers had a slightly lower income to needs in 1997 than in 1981. Although not presented in Table 2, it is noteworthy that the economic conditions of lone parent families with preschoolers are somewhat worse than those experienced by lone parent families in general, as single mothers with particularly young children are known to experience important obstacles in achieving earnings beyond transfer payments (McQuillan, 1992).

Also obvious in Table 2 are the economic benefits of the dual income family. Families with no earners are doing particularly poorly, while the average income to needs is somewhat higher for single earner families. Over the 1981-1997 period, families with one earner actually experienced a decline in average income to needs, dropping from 1.62 in 1981 to 1.45 by 1997. On the other hand, two earner households did relatively well over this same period, with this ratio increasing from 2.17 in 1981 to 2.33 by 1997.

As previously indicated with Table 1, the 1981-1997 period, taken as a whole, was associated with an observed increase in the number of dual earner households, while this same period witnessed a slight decline in the number of single earner families. In this context, it is possible to speculate as to the impact of downward pressures on the income to needs ratio for families with only one earner on this observed increase in the number of dual earner households. It is quite possible that many couples have adapted to downward pressures in terms of individual market earnings by increasing their family's involvement in terms of paid employment, even within families with preschool age children. This life cycle squeeze, in terms of family economic resources and time, likely leaves many new

parents with very difficult decisions, in terms of how they divide their time in terms of childcare and paid employment.

A Decomposition of Recent Trends

As was indicated in Table 2, the average level of economic well being of families with preschool children varies across several family/demographic variables. For example, it was shown that average income to needs was related to (i) the presence of parents (dual parent as opposed to lone parent) (ii) the age of parents (as an indicator of the timing of fertility), (iii) the number of children in the family, and (iv) the number of earners who contribute to family income. At the same time, the relationships presented hence far have been solely bivariate, and tell us relatively little as to the comparative importance of each of these variables in the explanation of recent trends in income to needs. For example, what is the impact of recent trends in terms of the average number of earners per household, after controlling for changes in terms of the presence of parents (i.e. the growth in the number of lone parent families). In this context, it is possible to apply a multivariate model in decomposing recent trends, which provides us with some insight as to the net impact of selected variables, after controlling for all others considered important in the model specification.

The current multivariate analysis, through a series of regressions, and in comparing the results of “nested” models, attempts to identify the relative importance of selected family/demographic and non-demographic factors to recent trends in economic well being (see Box: Methodology). The current analysis includes all variables as considered hence far, as well as additional information on the occupation and education of parents (see Table 3 for a full listing of all variables).

Table 3. Variables included in the Multivariate Model
Family/Demographic Variables
Number of Children - one child, two children, three children, four+
Age of Reference Person (mother's age or male lone parent) - under 20, 20-24 years, 25-29 years, 30-34 years, 35-39 years, 40+ years
Presence of Parents - dual parent, female lone parent, male lone parent
Number of Earners - none, one, two, three+
Socio-economic
Education (mother's education or male lone parent) - less than high school, high school completion, some post-secondary completed post-secondary
Occupation (mother's occupation or male lone parent) - 1981 Occupational Classification
Year
-1981 , 1989, 1997

Methodology: Decomposition of Trends in Economic Well-Being, 1981-1997

The current multivariate analysis works with a merged data set (N=18,872) for three years (1981, 1989, 1997). Through a series of regressions, it attempts to identify the relative importance of selected demographic and non-demographic factors. The full model to be estimated is:

$$\log (IN_{ti}) = \beta' \chi_{ti} + \xi_{ti}$$

$$i = 1981, 1989, 1997$$

where $\log (IN_{ti})$ is the logarithmic transformation of the income to needs of the i th family in year t , χ_{ti} is a vector of explanatory variables (see Table 3), β is a vector of corresponding parameters, and ξ_{ti} is an error term assumed to have zero mean and constant variance across i and t . With the full model ($R^2=.29$), all selected variables had a significant impact on the dependent variable, with a few minor exceptions (eg. a few of the dichotomous variables introduced in estimating the impact of occupation).

In efforts to estimate the relative importance of specific variables or sets of variables in the explanation of recent trends, of particular utility are the regression coefficients as associated with the year variables. These dichotomous variables are intended to capture differences in $\log (IN_{ti})$ across years after controlling for all other factors in the analysis. For the full model as hypothesized, the coefficients as associated with the year variables are meant to reflect differences in the average level of $\log (IN_{ti})$ across years after controlling for all other variables in the model (including both family/demographic and socio-economic controls). In estimating the relative importance of any single demographic or non-demographic factor to changes as observed in the average income to needs ratio over time, one can simply exclude it from this full model and consider the change observed with respect to the coefficients on the year variables. The impact of a specific variable can be estimated as the difference between the effect identified with the revised model (after excluding the variable of specific interest) and that identified with the full model. This procedure gives a "conservative" estimate, in that it suggests only the marginal effect of that factor, controlling for all others.

In interpretation of the results from this decomposition, Table 4 summarizes the impact of each family/demographic variable separately, as well as the socio-economic controls (i.e. occupation/education). For example, the first row tells us that change in the terms of the presence of parents contributed to an estimated 2.6% decline (100 – 97.4) in the average income to needs of families with preschoolers over the period 1981-1989 (after controlling for all other variables in the model) and an estimated decline of 4.3% for the full period 1981-1997 (100 – 95.7). These results also tell us that for the 1981-1997 period, change in terms of presence of parents was more important than any other single factor included in the model in explaining recent trends in terms of economic well-being.

In introducing socio-economic controls, the current analysis includes education and occupation. For present purposes, the selected model includes education and occupation of mothers, in all but male lone parent families (where it is obviously necessary to consider fathers). With some rather important changes in the educational attainment and occupation classification of Canadian women over recent years, it was anticipated that change in both of these explanatory variables have a net positive impact on the economic conditions faced by families with young children. After controlling for these variables, the main emphasis continues to rest with the family/demographic variables as listed in Table 3.

Table 4 summarizes the results from this decomposition, in considering both the 1981-1989 and 1981-97 periods. In terms of the relative importance of each variable, the results imply that changes in terms of the presence of parents (with the previously mentioned growth in the number of lone parent families) is more important than any other single factor considered in the model. Although the current method provides a “conservative” estimate as to the impact of each explanatory factor (i.e. the marginal effect of each factor, after controlling for all others), change in terms of the presence of parents, in and of itself, contributed to an estimated 4.3% decline in the average income to needs of families with preschoolers over the 1981-1997. The indirect impact of higher rates of marital dissolution in Canada (and the resultant growth in the number of female lone parent families) is a real reduction in the average income to needs of families with particularly young children.

	1981	1989	1997
A. Family Demographic			
Presence of parents	100.0	97.4	95.7
Number of Children	100.0	100.2	101.1
Timing	100.0	101.5	102.1
Number of Earners	100.0	102.2	103.0
B. Socio-Economic			
Occupation	100.0	99.6	98.6
Education	100.0	101.9	103.7

Index of the Geometric Mean, 1981=1.000

For the full period, the effects of change in the other family/demographic variables are largely in line with expectations. For example, both the number of children and the timing of fertility have a net positive effect on average income to needs, although this “conservative” procedure suggests that their impact is relatively modest. In reference to the number of earners per family, a positive effect was observed for the full period, responsible for an estimated 3% increase in average income to needs. After controlling for all

other variables in the model (including the growth in the number of lone parent families), this variable had a net positive impact for both the 1981-89 and 1989-97 periods. A positive effect for the latter period was not anticipated in inspecting simple bivariate relationships, as the 1989-97 period witnessed a slight decline in the number of earners per family and a growth in the relative number of families with no earners at all (see Table 1). After controlling for other variables in the model (including an ongoing increase in the relative number of lone parent families), the effect of this latter variable is found to be positive throughout the full period.

With the remaining variables in the model (i.e. education and occupation), the results indicate a slight negative effect as a result of occupational change, whereas change in educational attainment is associated with an increase in the average income to needs. As the positive effect of education is greater than the negative impact of recent changes in the occupational profile of women with preschoolers, overall the impact of these controls is to slightly improve the economic situation for young children. What have widely been publicized as major gains in terms of the educational attainment of Canadian women over recent years appear to have been translated into modest gains in terms of family income, once they have children.

Discussion and Conclusion

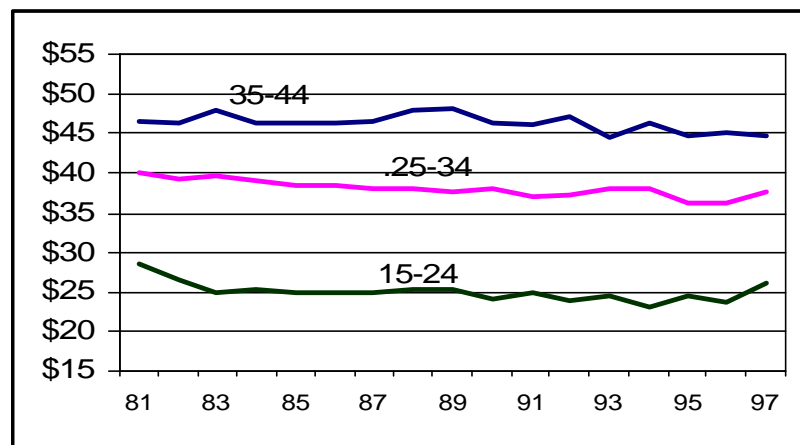
For the 1981-1997 period, the current study documented several ongoing changes in the familial circumstances of Canadians with young children. Well documented is a shift toward older ages in terms of the timing of childbearing, a slight increase in the relative number of one child families, an ongoing growth in the proportion of all families as headed by female lone parent families, and some rather noteworthy shifts in the number of earners per family. In an effort to isolate the impact of these changes on the economic well being of Canadian families, a decomposition of recent trends in the income to needs ratio was presented.

As previously indicated, the average income to needs ratio for Canadian families with preschoolers, increased from 1.87 in 1981 to a high of 2.00 in 1989, only to drop to 1.91 by 1997. Overall, Canadian families with preschool age children witnessed a moderate increase in their average level of economic well being over an extended period of time. Yet while this indicator of economic well-being is not very different in 1997 than it was in 1981, this should not obscure the fact that there have been a whole series of offsetting family/demographic changes with direct economic ramifications for Canadian children during this same period. The most difficult trend, from the point of view of meeting the economic needs of children, has been an ongoing growth in the number of lone parent families. As indicated in the current analysis, a growing proportion of families headed by lone parents appears to be the single most important demographic change to shape the economic conditions of particularly young children over the 1981-1997 period.

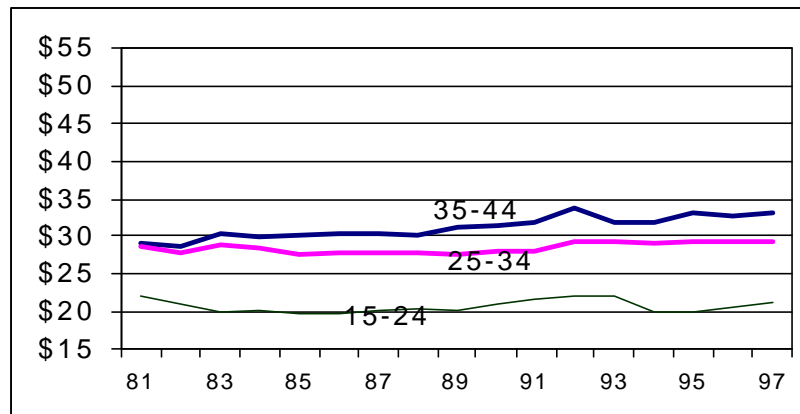
While an emphasis placed on family/demographic change is fundamental to the study of the economic conditions faced by families and individuals in Canada, it is also recognized that such an emphasis can only provide a partial explanation of past trends. As Picot et al (1998) acknowledged in a comprehensive analysis of 1973-1995 low income trends in Canada, it is preferable to avoid focusing too narrowly on family/demographic events, to the exclusion of broader “social and economic events that might influence the availability of jobs, employment earnings, and other sources of market income”. While this shift in emphasis, taking a much broader perspective, is obviously beyond the scope of the current study, in concluding, a few general comments appear to be in order. Figure 1 presents some context to the current study, by providing figures on market earnings for the 1981-1997 period. As an indicator of the returns Canadians have been receiving in terms of paid employment over recent years, Figure 1 presents “average full-year, full time earnings” in constant dollars, by sex and age group (15-24, 25-34, 35-39) for the period 1981-1997

Figure 1. Average Full-Year, Full-Time Earnings in Constant 1997 Dollars, by Sex and Age, Younger Ages 1980-1997

Men



Women



Source: Earnings of Men and Women, 1997. Cat no. 13-217-XIB.

As indicated in Figure 1, the 1981-1997 period was not a particularly good one for wage earners in the Canadian labour market. Men did not do very well over this period, as without exception across these age groups, earnings are less in 1997 than in the early 1980s (after of course adjusting for inflation). With women, while some modest gains have been documented, these are not the sorts of gains expected given changes observed over the last few decades in the education attainment of women and an increased commitment to the labour force. At the very least, this mediocre performance in terms of market income provides some context to related trends documented in terms of family income. These figures are also consistent with the earlier mentioned trend for one earner families, with a documented decline in their average income to needs over the 1981-97 period (Table 2).

In briefly returning to Oppenheimer's (1982) emphasis upon the so-called "life cycle squeeze", the above indicated trends in individual earnings would seem to suggest little improvement in terms of the economic tensions often experienced by Canadians during the earliest years of the family life cycle. As Oppenheimer indicated, the birth and care of young children is often associated with considerable economic tensions and substantial time demands, in meeting both the needs of the particularly young while simultaneously meeting the demands of work outside of the home. As documented in the current study among families with preschoolers, the 1981-1997 period was a period with an observed increase in the number of dual earner families, while simultaneously witnessing a stagnation or real decline in individual earnings. Again, it appears that the impact of reduced individual earnings has been an increase in the number of dual earner households. Many couples appear to have adapted to downward pressures in terms of individual market earnings by increasing their involvement in terms of paid employment, even when they have the added time demands of raising preschool age children.

Oppenheimer (1982) speculated as to the impact of downward pressures in terms of individual earnings on current or prospective parents, suggesting that young adults might delay or avoid forming permanent unions, shift the timing, spacing and/or overall level of their childbearing, change their behavior with regard to the paid labor force, among other possibilities. While the current study has placed an emphasis on the consequences of family/demographic change, the reality is such that Canadians are likely continuously modifying their personal and family lives, in a way that protects their own economic interests and the perceived interests of their children. The exact nature of the interrelationships involved is very difficult to precisely identify.

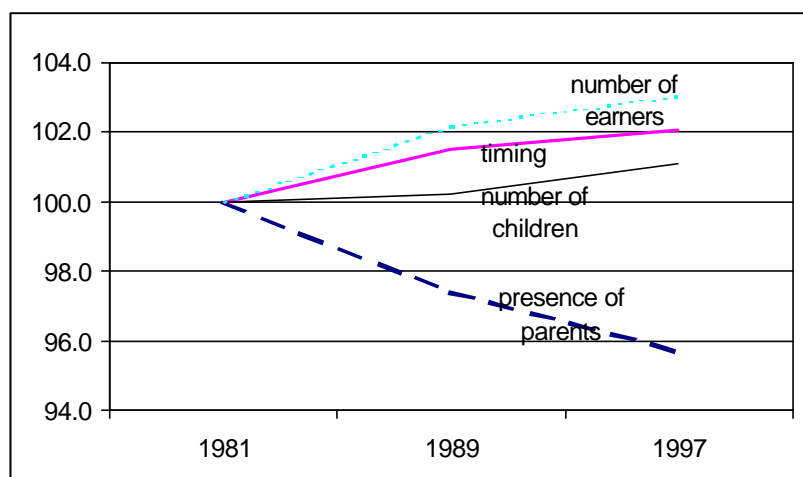
In conclusion, it is useful to once again return to the results from the current decomposition, as summarized succinctly in Figure 2. In reading the income statistics for the 1981-97 period and in interpreting the results from the current analysis, it is concluded that:

- (i) the average level of economic well being of families with preschool age children increased only slightly, over the extended period 1981-1997;
- (ii) recent change in terms of the presence of parents is the most important family change to influence the economic well-being of families with preschool age children over the 1981-1997 period. Overall, this change has had a negative impact on the average level of economic well-being of young children, with a continued growth in the relative number of female lone parent families;
- (ii) delayed childbearing and smaller family size have a positive impact on the economic well being of children, although over the 1981-1997 period, these changes were not nearly as important as the aforementioned trend in lone parenthood. Having a child early in one's adult years or having many children continue to be associated with a lower level of economic well-being, with recent trends toward lower and delayed fertility responsible for slight gains in terms of the average income available to young children.
- (iii) change in the average number of earners per family has had a net positive impact on the economic well-being of preschool age children, for the 1981-1997 period. After introducing all appropriate controls, including changes in the relative number of female lone parent families, the net effect of changes in the number of earners per family has been positive for both the 1981-1989 and 1989-1997 periods.
- iv) the overall impact of family/demographic change is relatively modest for the 1981-1997 period, if we consider the offsetting impact of all the above mentioned factors. While recent trends in terms of lone parenthood have had an important negative impact on the average level of economic well-being of young children, this has been offset by ongoing changes, of a lesser importance, in terms of the timing and level of childbearing and an increase in the number of earners per family.

As to the likelihood of a continuation of these trends into the future, the current study can only speculate. With respect to a continued growth in the number of female lone parent families, there is little evidence over recent years of a slowing in this trend; if anything, we have seen acceleration. With respect to the future fertility behavior of Canadians, many demographers doubt that TFR's will fall much further below what is a historic low, of only 1.55 in 1998. With respect to the timing of childbearing, we are obviously approaching an upper limit in terms of the age at which Canadian women can start their families. As to future growth in the number of dual earner households, there are obviously upper limits here, as the labour force participation of women quickly approaches that of their male counterparts. Overall, it may very well be that the impact

of family/demographic change into the future will be dominated by a continued growth in the number of lone parent families, without the offsetting impact of further fertility decline and/or increased involvement of parents in work outside of the home.

Figure 2. Effect of Selected Family Demographic Factors (1981-97)



List of References

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