Abstract

The empirical findings for the labour force participation elasticity with regards to child prices are varied. While some estimates imply substantial participation gains from child care subsidies, others find insignificant effects from child care prices on participation decisions. This paper analyzes the elasticity sizes using estimates from 37 peer-reviewed articles and working papers in the literature. Using meta-analysis tools, we attempt to provide a weighted elasticity estimate and variation between countries and over time. The results suggest that the elasticity size has a positive inverse U-shaped relationship with aggregate labour force participation, and decreases with higher rates of part-time work and social spending. The findings imply that the impact of changes in child care prices and success of child care subsidy policies are correlated with aggregate level factors.