

Abstract

The literature estimates for labor force participation elasticity with regards to child care prices are extensive and varying. While some estimates imply substantial gains from child care subsidies, others find insignificant effects. Determining the reasons for the variance in the results and the settings in which elasticity estimates are smaller or larger is of substantial policy interest. To that end, this paper reviews and analyzes the elasticity sizes using estimates from 36 peer-reviewed articles and working papers in the literature. We start by reviewing the theoretical and empirical aspects related to participation elasticity with regards to child care costs, paying special attention to sample characteristics, methodological aspects and macro level factors. We conclude by providing a meta-regression using control variables based on our review of the literature to explain some of the differences between the estimates. Elasticity estimates have become smaller over time, which may partly be due to labor market characteristics. In countries with high rates of part-time work and very high or very low rates of female labor force participation, we find elasticity rates to be significantly smaller.