How paid family leave hurts women

Vanessa Brown Calder

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The White House released its full budget last week, and one of President Donald Trump's campaign promises materialized along with it: paid family leave. The details of the program remain hazy, but what we do know is that states would be required to design and finance six weeks of paid parental leave for workers. It would cover mothers and fathers.

This surely sounds like a boon to working women, who (on average) do more child rearing and housework than working men do. To those who object to some of the budget cuts to social programs, the administration's policy on family leave may even seem heartwarmingly egalitarian.

Unfortunately, a review of states and countries with government-mandated paid leave programs indicates they harm young women, whether they're available to fathers or not. This is because parental leave policies are associated with an increase in leave-taking and childbearing, which leads to lost labor or increased health care costs for companies. As a result, employers may assume women will cost more to employ than before the policy, and company decisions to hire, promote, train or pay women less can reflect that, at women's expense.

But it doesn't have to be this way. Government can create a buyer's market for labor through a variety of deregulatory initiatives. For instance, reforming occupational licensing laws, which prevent women from working in certain occupations, and relaxing zoning regulations, which increase low-income women's commute times, will make it easier for mothers to participate in the labor force on their terms. Meanwhile, eliminating the tax exclusion for employer-sponsored health insurance, which ties women to jobs with abysmal maternity benefits, will enable women to take jobs that line up better with their personal needs. Finally, deregulation of inane child care regulations, such as Washington, D.C.'s new requirement that child care workers obtain college degrees, will make work economically practical.

Lawmakers should also look closely at an alternative that Congress is considering: the Working Families Flexibility Act of 2017. The bill allows interested employees of either gender to bank overtime hours and use them as time off later as government employees and some unionized workers already do. Remarkably, private companies are prevented from compensating employees this way under the Fair Labor Standards Act. Because women highly value flexibility at work, the ability to reach this type of working agreement is more essential than ever.

Ignoring these ideas may be costly, and California provides a ready example of why government-mandated paid leave is a less effective way of imparting leave benefits. The state instituted a six-week paid leave program in 2000, and research indicates a noticeable increase in young women's unemployment and unemployment duration lengthened by 4% to 9%. Hypothetically, this is because "firms decrease their demand for these possibly more costly (female) workers," according to the report. These results held when researchers compared young women with Californian men, with older Californian women and with young women in states that did not adopt the policy.

Still, defenders of policies such as California's argue it hasn't been around long enough to see a full range of social benefits. In that case, Europe serves as a shining example of how government-mandated paid leave can be a letdown, even in the long term. In the Nordic countries, which are often cited as the gold standard for gender equity, research suggests family-friendly policies are a "costly solution" and may have inadvertently created a "system-based glass ceiling" for women.

And indeed, paid leave policies in Norway seem to have done just that: Women in the United States occupy, according to a project of the Cato Institute, about 40% more of the nation's legislative, senior official and managerial roles than Norwegian women do in their home country.

So why is it that paid leave policies, which are ostensibly created to help women, end up hurting them? For one thing, even in places where paid leave programs are gender-neutral, female employees utilize the benefits at higher rates than men do. In Sweden, for instance, only about 14% of men share the days equally with their partners despite government subsidies providing bonuses and tax credits to motivate parents' identical division of paid leave. Woman probably take more leave for a variety of biological, sociological and cultural factors.

Fortunately, the current proposal and its associated impacts are not foregone conclusions: The administration's leave policy still needs congressional approval. Congress can choose another way: Deregulating industry will provide women with more professional choices, and amending rigid labor laws will endow employers with the flexibility to provide flexibility.

Vanessa Brown Calder is a policy analyst at the Cato Institute, where she focuses on social welfare, housing and urban policy. The views expressed in this commentary are solely those of the author.