



## **Republicans are negotiating the terms of surrender on paid leave**

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Republicans are currently negotiating the terms of their surrender on government-provided paid leave. During his State of the Union address earlier this year, President Trump asked Americans to “support working families by supporting paid family leave,” garnering cheerful applause from Speaker Paul Ryan (R-Wis.) and Vice President Mike Pence.

Meanwhile, the right is proposing a new government-provided paid leave idea that uses the Social Security program as a benefit bank. The proposal has been backed by conservative intellectuals and organizations including the Independent Women’s Forum and the American Enterprise Institute.

Why now? Historically a Republican majority has opposed government leave proposals. And Americans should expect better negotiating from the party led by the negotiator-in-chief. After all, the first rule of negotiation is do not negotiate if you don’t have to.

The GOP is in control of the House, Senate, and executive branch. And Republicans already passed a tax bill in December that includes \$1 billion annually in tax credits to reward companies for providing paid leave.

But perhaps Republicans have forgotten paid leave comes with costs. Economic research suggests women pay for paid leave. Depending on the policy formulation, that may be through wage reductions, a decline in promotions, or increases in unemployment. Either way, government paid leave is no panacea for working women.

Paid leave proposals have a bad track record. In 1989 Larry Summers wrote about government-mandated paid leave, “There is no sense in which benefits become ‘free’ just because the government mandates employers offer them to workers.” And in 1994 Jonathan Gruber reported

women's wages were reduced to reflect the cost of benefit mandates. Gruber estimated that the shift in cost was around "the order of 100 percent."

Perhaps the consequences of current paid leave formulations will look different since they are government-provided rather than government-mandated. But there is no reason to think there won't be trade-offs.

Economists found expanding maternal benefits in Norway regressively redistributed "primarily to middle and upper income families" and raised taxes considerably in a well-designed study circulated by National Bureau of Economic Research. Expanding paid leave had little impact on positive social outcomes including labor force participation in the short or long run, fertility, marriage, or divorce, according to the study's authors.

Norway isn't alone. In Britain, maternity wage and job entitlements led fewer women to hold management positions and promotion-track jobs, according to research by economist Jenna Stearns. Maternity wage and job entitlements also apparently "exacerbate[d] gender inequality among highly educated workers."

But costs to women aren't limited to international contexts. Research from the Journal of Contemporary Economic Policy indicates a statewide paid leave program in California also had unanticipated negative effects. The authors contend that program increased unemployment and unemployment duration for child-bearing age women.

Setting the negative consequences aside, some Republicans rationalize their support for government-provided paid leave by telling themselves government-provided paid leave is inevitable and only government will provide it. But that isn't correct.

Public polling indicates government-provided paid leave is not popular. For example, a 2017 Pew poll found that among those who support paid leave for mothers and fathers, just 14-15 percent think the federal government should pay for it. Seventy five percent of Americans surveyed in the Pew poll thought employers should foot the bill. And when asked, 67 percent of Republicans said employers should be able to make their own decision about whether or not to provide paid leave.

Republicans are right to let business decide. More often than not, employers provide paid leave voluntarily. In a national study, 63 percent of working mothers said their employer provided paid maternity leave benefits. And privately-provided paid leave is best because it serves the same function as the government option, sans systemic penalties for women.

So, if government-provided paid leave is costly to women, isn't politically popular with Republicans, and employers are already providing it in great numbers then why are Republicans capitulating? Trump is extending paid leave as an olive branch, but there's no reason to volunteer it now.

Republicans' historical position on paid leave is both scientifically and politically supported—they should hold their ground.

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