



THE PATRIOT POST®

PRO DEO ET LIBERTATE ~ 1776

With the Market Making Parental Leave Routine, Who Needs Congress?

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June 4, 2019

It isn't the job of the federal government to provide, mandate, or encourage paid leave for new parents, and there was a time when Republican politicians would have said so. That was long ago, when the GOP was still the party of fiscal sobriety and limited government. Alas, Republicans today are as wedded as Democrats to the belief that anything desirable must come from Washington, even if it would be better left to state and local discretion, or kept in private hands altogether.

Expanding the welfare state to encompass paid parental leave is the latest example of this phenomenon. President Trump has endorsed the idea in his State of the Union addresses, and his proposed 2020 budget calls for providing "at least" six weeks of paid leave for new mothers and fathers. On Capitol Hill, meanwhile, several Republican senators are pushing a scheme to fund paid leave for working parents through the Social Security Administration, at an estimated cost of \$10 billion or more each year.

The legislation, versions of which have been sponsored by Marco Rubio of Florida, Joni Ernst of Iowa, and Mitt Romney of Utah, is offered as a response to complaints that the United States is the only industrialized nation without a law mandating paid parental leave. Exactly why that should trouble Republicans who ordinarily regard American exceptionalism as an admirable quality isn't clear. Nor is it clear that the absence of a federal policy should be seen as evidence of a national problem.

As Cato Institute scholar Vanessa Brown Calder points out, studies indicate that a large majority of working mothers are already offered paid maternity leave by their employers. Between 1961 and 2008, according to the Census Bureau, the percentage of women with access to paid leave to care for new children soared from just 16 percent to more than 61 percent. More private employers than ever before offer paid leave for new parents, including all 20 of the nation's largest corporations. Paid leave for new fathers, once unheard-of, is increasingly common.

In short, the want of a federal law compelling or facilitating paid leave has not kept private employers from supplying it. And if any federal boost were needed, Republicans can already point to the 2017 tax-reform law, which not only cut corporate income tax rates but also added an explicit tax credit for companies that make paid leave available to lower-wage workers.

Nevertheless, Rubio, Romney, Ernst and other Republicans are lobbying for their paid-leave plan, which would allow working parents to collect Social Security benefits for 12 weeks after a baby's birth. In exchange, they would have to either delay their eventual retirement for 25 weeks,

or retire without a delay but with a cut in benefits. The plan's boosters claim that it would pay for itself without new taxes or borrowing, a win-win for all.

"This is something entirely based upon the principle of personal responsibility," says Romney. No, that's exactly what it's not based on. Rubio has described the proposal as "a consistent application of Social Security's original principle ... to the challenges of today." That too flips reality upside-down.

If anything is fundamental to the Social Security model, it is that retirement benefits must be earned. Workers pay into Social Security throughout their career; they become eligible to take money out only when they retire. "Contributions first, benefits later," economist Veronica de Rugy emphasizes. "Using Social Security to pay for paid leave would turn the contribution-then-benefits pattern on its head. Benefits happen first in this case, then contributions (supposedly) come later."

That is not the "principle of personal responsibility." It's the principle of J. Wellington Wimpy, the cartoon character who would "gladly pay you Tuesday for a hamburger today." The Republican senators would like to invite new parents to enjoy a paid-leave hamburger courtesy of Social Security today, but not have to pay for it until 30 or more years of Tuesdays have elapsed.

That would be dubious even if Social Security's finances were as stable as the Rock of Gibraltar. But Social Security is slipping down the slope to insolvency.

Already it pays out more each year than it collects — its negative cash flow last year was \$80 billion, which the Treasury had to cover by borrowing. On present trends, the Social Security trustees recently warned, the system will be depleted by 2034. If the trust funds are now to be tapped for parental-leave benefits in addition to retirement, they will be depleted even faster, and still more money will have to be borrowed each year to cover the shortfall. That is just another way of saying that even more money will have to be extracted from future taxpayers.

One estimate cited by de Rugy puts the added 10-year cost of a parental-leave option at \$114 billion. With Social Security already under extreme stress, requiring it to cut checks to yet another population of beneficiaries could hardly be more reckless. And once "hamburgers today, payment next Tuesday" goes into effect for new parents, it will be only a matter of time until other lawmakers want to draw on Social Security for other worthy beneficiaries, and then others — always with the assurance that the program will pay for itself and require no taxes.

Paid leave for new parents is an appealing idea. So appealing, in fact, that more and more American employers are making it a standard element of their employees' compensation. Entangling that process with Social Security is not likely to make anything better. It's all but guaranteed to make Social Security worse.