



Why Are Conservatives Suddenly Supporting Mandatory Paid Leave?

Veronique de Rugy

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The economy is thriving, unemployment rates are low, and companies that have to compete for quality employees are expanding benefits, including paid time off. That makes this an odd moment for conservatives to shift their position on whether the government should implement a family leave mandate.

A 2017 working group made up of representatives from the center-left Brookings Institution and the conservative American Enterprise Institute outlined the need for a federal paid family leave law. They point to Bureau of Labor Statistics data showing that only 13 percent of private sector workers receive paid leave.

This number ignores a multitude of paid leave options and other benefits that frequently are provided by employers, however. In a new report, the Cato Institute's Vanessa Brown Calder corrects the record. Citing more comprehensive government metrics, she finds that as of 2008 (the last year for which we have data), as many as 61 percent of women reported having access to some form of paid leave from their employers, up dramatically from 16 percent in the 1960s. Calder notes that even in the absence of a federal policy, the number of new moms who quit working declined "from over 60 percent in 1961 to just over 20 percent in 2008."

There's no reason to believe that trend won't continue, especially since many firms—encouraged by the prospect of economic growth following the tax reform law of 2017—have publicly announced a commitment to paid leave.

Left and right often disagree about how to get more businesses to do the same. Progressives prefer the European approach, in which government requires companies to provide paid leave to all employees; in some countries, the state even finances that leave through taxes. Conservatives, meanwhile, are more comfortable with less intrusive policies such as allowing people to borrow money from their own future Social Security checks—perhaps because they know mandates ultimately hurt employees.

Calder reviews the literature and shows that top-down paid leave requirements are likely to be offset by lower wages or fewer employee benefits of other types. They could also incentivize employers to discriminate in favor of older workers and against applicants of childbearing age.

Interestingly, when voters are presented with these costs, their support for a federal paid leave policy collapses. In an upcoming paper, Emily Ekins of Cato shows that when people are told

they might see an increase of \$1,200 in taxes due to the new policy, their support drops from 74 percent to 43 percent. If the leave is funded with cuts to programs like Social Security, as some Republicans want, support drops all the way to 21 percent.

While the conservative alternative doesn't include a mandate, it's also not a small-government policy. It expands the sphere of federal intervention into an area where it's currently absent. Generously assuming such a program keeps its promise to make today's beneficiaries postpone retirement to pay for the money they're drawing, the plan still requires extra benefits to be paid to new parents now on top of the benefits for current retirees. This increased spending will either speed up the depletion of the Social Security trust fund or require transfers from the general revenue stream—and that means more taxes. According to the Heritage Foundation's Rachel Greszler and Drew Gonshorowski, the additional cost of adding paid leave to Social Security would be \$114 billion over 10 years.

Realistically, such a plan would grow the size and scope of government in the long run, too. Political pressures will likely ensure the promised spending offsets never materialize. Plus, if we can use future Social Security benefits for paid leave, why can't we use them for unemployment benefits, college tuition, and mortgage payments? Greszler and Gonshorowski project the 10-year cost could rise to \$230 billion.

Meanwhile, this scheme would *reduce* the benefits offered by private companies. In testimony before Congress, the consulting firm Deloitte recently explained that when the state of California began offering paid leave, Deloitte trimmed its paid leave by the amount the government was now providing. Growing government and shrinking civil society are hardly core conservative principles.