



## Canada's 'Free' Parental Leave Is One Reason I Don't Live There

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Sens. Bill Cassidy, R-La., and Kyrsten Sinema, D-Ariz., just unveiled the first bipartisan legislative proposal for federal subsidies for families after childbirth, which would “help working families now by funding paid parental leave or infant care expenses through advancing the Child Tax Credit.”

The proposal is similar to bills introduced by other members of Congress — Republican Sens. Joni Ernst of Iowa, Mike Lee of Utah, Mitt Romney of Utah, and Marco Rubio of Florida, as well as Republican Reps. Dan Crenshaw of Texas and Ann Wagner of Missouri — that would allow new parents to tap up to three months of Social Security payments after the arrival of a child. (Full disclosure: These bills are modeled after a white paper written by my wife, Kristin Shapiro, a senior fellow at the Independent Women's Forum.)

Cue the leftist hysteria. Hours after the Cassidy-Sinema bill dropped, Sen. Kirsten Gillibrand, D-N.Y., attacked the bill as “another proposal that would force working families to borrow from their own futures.” The United States, progressives say, is the only developed country that doesn't subsidize parents' care for newborns. Well, I'm a citizen of both Canada and the United States, and the fact that Canada “gives” its citizens parental leave is one reason (apart from the weather) that I don't live there.

### The Burden of Employment Insurance

Canada provides paid leave through its “Employment Insurance,” which also supports workers during unemployment, illness, and family caregiving. I get why some of its southern neighbors envy this socialist nirvana. Who wouldn't want to go on the dole at those times, eh?

But Employment Insurance costs working families dearly. If my family moved to Canada, my wife and I would pay nearly US\$125,000 in added payroll taxes during our lives to fund the program. (You can find all tax calculations below — and I translated the loonies into greenbacks.\*) That's a lot of Canadian bacon! We'd technically split this amount with our employers, but any economist will tell you an employer payroll tax is really part of the employee's tax burden.

As a higher-income household, we're not a sympathetic case. But because Canada's payroll tax — like most payroll taxes — is regressive, it costs lower-income families a greater share of earnings. A family in which each spouse makes \$35,000 per year, for example, would pay nearly

\$110,000 in added taxes, even though its household income is substantially less than ours. Notably, a whopping 8.4 percent of that, or about \$9,000, won't even go toward benefits (which they may never use), but instead is eaten up by administrative costs.

### An Imbalance of Benefits

Even worse, the families most in need are the least likely to benefit. Two recent studies show that while 75-85 percent of higher-income mothers receive newborn care subsidies, only about 45 percent of lower-income mothers do. As one of the studies' authors put it, Canada's "distribution of benefits is unbalanced and aids the social reproduction of higher-income families."

Canada's hefty payroll taxes also depress employment, stifling growth and opportunity. Maybe that's why, despite Americans' frequent threats to move to Canada, very few actually do. For every American who moves to Canada, more than two Canadians move here. Indeed, a million Canadians (out of 37 million) have joined me in moving south of the border.

So as you consider various parental leave proposals, take a word of advice from this Canuck expatriate: America doesn't need to be like other countries.

### *\*Tax Calculations*

*Basics: Canada imposes 1.62 percent payroll tax on the worker and 2.268 percent payroll tax on the employer to fund Employment Insurance, for a combined total of 3.888 percent payroll tax. The tax maxes out at C\$53,100.*

*Calculation for us (assuming we both work 40 years and that we pay the max tax each year): The max tax is C\$860.22 on the worker and C\$1,204.31 on the employer, for a combined total payroll tax max of C\$2,059.73 per worker per year. C\$2,064.53 x 2 people x 40 years = C\$165,162.40. This converts to about US\$124,000, depending on exchange rate.*

*Calculation for a family in which each parent makes \$35,000: \$70k/yr x .03888 tax x 40 years = \$108,864.*

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