

Can family leave policies be too generous? It seems so ^[1]

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EXCERPTS

When measured by who holds a job, American women are falling behind women in other developed countries. Yet the American women who are working tend to have more high-achieving careers. Within that paradox lies a puzzle about how to shape maternity leave.

The United States is the only country besides Papua New Guinea that mandates maternity leave but does not require that it be paid. Other developed countries, meanwhile, offer paid leave (in the United Kingdom, for instance, mothers get a year off, 39 weeks of which are paid) along with other family-friendly benefits like publicly funded child care and the right to demand part-time work.

Economists say paid leave is essential to making it possible for women to work. Beyond benefiting babies and families, it helps the economy by increasing the chances that women continue to work, even years later. The White House Council of Economic Advisers said last month that women's declining labor force participation is impeding a full economic recovery, and that mandatory paid leave would be a powerful tool to fix it.

But it turns out that long paid leaves can also hold back women. Researchers are finding that even as family leave boosts labor force participation by women, it can have negative effects on their job opportunities.

A well-regarded study of 22 countries by two Cornell University economists found that European countries' family-friendly policies made it possible for more women to work — but that European women are more likely to be in part-time jobs that do not lead to positions of power. As a result, women in Europe are half as likely as men to be managers, while in the United States women are just as likely to be managers.

Long leaves and part-time work protections might encourage women to scale back at work or stretch their leaves longer than they otherwise would have, according to the Cornell economists, Francine D. Blau and Lawrence M. Kahn, whose study was published last year in the *American Economic Review*. Employers, meanwhile, might "engage in statistical discrimination against women as a group, anticipating that women will take advantage of such opportunities," they wrote. Long absences are expensive for companies, particularly for jobs that build on training and promotions, and employers are understandably hesitant to hire people who might leave for a year at a time.

"It gives them good reason to think twice about hiring someone who might take the leave," said Claudia Goldin, an economist at Harvard University who studies women and work. "No one is saying they dislike women who are capable of having children. But they might dislike additional labor costs."

Mothers on both sides of the Atlantic, then, pay a price for the structure of family leave policies. The challenge for policy makers is to minimize the penalty women pay. That could happen by pulling levers in both policy and culture around the length of leaves and who takes them.

A big policy question is how long family leave should be, several economists said — and neither the United States or Europe seems to have figured out the ideal. "I suspect women in the U.S. would benefit from longer leaves than the 12 weeks that are currently mandated," Ms. Blau said. "In Europe the leaves may be so long as to have negative effects on women's labor market outcomes."

Other economists have found similar results. Christopher J. Ruhm, a professor of economics and public policy at the University of Virginia who has compared work-family policies in the United States and Europe, found that short to moderate leaves are beneficial for the economy and employment and have little effect on women's wages, but leaves of more than nine months can have a negative effect.

He advocates for paid leave — just not too much. "Because I'm an economist, people will ask me, is it going to be good for the economy? And the answer to that, based on the evidence we have, is yes," he said.

"But my opinion is we often frame it the wrong way," he added. "To me this is a family values issue. I think it's important as a society that we support families throughout the life cycle."

That means culture must change, too. Mr. Ruhm studied California, the first state to offer paid leave for new parents, and found that on

average, mothers only took 2.5 weeks more than they would have otherwise and fathers took slightly less than a week, though they were entitled to six.

“There are a bunch of reasons, but one is we have cultural norms,” he said. “If anybody, but particularly males, said I’m taking six weeks off, they’d be concerned there’d be negative repercussions.”

So perhaps another way to minimize the career penalty women pay for having children is to stop making parental leave all about mothers. If men also demanded more flexibility to take care of family (not just babies, but also aging parents), then perhaps employers would be less likely to discriminate against women of childbearing age. Even more, research has shown that in countries where men are more involved at home, women are freed up to achieve more at work.

Sweden and Germany, for instance, offered specific incentives to push men to take paternity leave. “It starts to change the norms, to say even if you’re a very serious worker, taking some time off around the birth of your child is kind of a normal thing to do,” Mr. Ruhm said.

European-style paid leave seems highly unlikely in the United States – policies that make some American parents gaze across the Atlantic with envy make their employers cringe – but there is growing support for some sort of paid leave. The Family Act, a bill introduced last year by two Democrats, would give people who worked at companies of any size 12 weeks leave at partial pay. (The Family Medical Leave Act now gives people who work at big companies 12 weeks unpaid for family caretaking, but many people are ineligible or can’t afford it.)

That bill is stalled in Congress, but in the meantime, three states have passed their own paid leave laws: California, New Jersey and Rhode Island. Companies are filling in the gaps, too. Google increased its maternity leave to about five months fully paid, and said that attrition by women with children decreased 50 percent as a result. Yahoo, whose chief executive, Marissa Mayer, took just two weeks of maternity leave, now offers new mothers four months paid.

Betsey Stevenson, a member of the Council of Economic Advisers and an economics and public policy professor at the University of Michigan, said, “It’s helping people reduce burdens when it comes to people balancing their work and family lives, because that is in essence what people’s lives are all about.”

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