

The missing million: The potential for female employment to raise living standards in low to middle income Britain ^[1]

Author: Plunkett, James

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AVAILABILITY

[Full report in pdf](#) ^[2]

[Summary](#) ^[3]

Excerpts:

The UK female employment 'performance gap' with better performing countries is almost twice as large among women in their mid to late 30s and around 1.5 times as large among women in the 60-64 year old age group as it is among the female population overall. The UK lags countries with higher female employment rates far more significantly when women have children (and in particular when women have more than one child and/or young children). There is also a very significant performance gap among women with low education. In this sense, the key question the UK faces on female employment is how to raise levels of employment among mothers and women with low levels of education.

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There is strong evidence that public policy can boost female employment. In comparing policy choices between countries, the most relevant areas are: the extent of publically funded childcare; the length and generosity of maternity, paternity and parental leave; the extent and design of cash benefits; and the level of effective marginal tax rates on second earners.

Of the money the UK spends on family policy a bigger proportion is spent on cash benefits than in other countries. This is largely because the UK supports families by topping up their incomes with tax credits rather than reducing their taxes by recognising couples or children in the income tax system. The corollary of higher spend on cash benefits is that the UK spends proportionately less than top performing countries on family services like childcare. In practical terms, the UK measures up well on overall childcare enrolment rates but enrolled children use fewer hours than those in other countries. UK childcare is 'broad but shallow'; it supports child development but falls short of supporting full time female employment for those who want it.

The UK approach to children of different ages is also quite different from top performing countries. UK cash benefits are relatively less 'front-loaded' on the young and correspondingly more generous for older children. Again, tax credits account for this difference. By contrast, UK services like childcare stop abruptly when children start school, while top performing countries fade out such spend far more slowly.

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Strategic directions for policy:

The first lesson on prioritisation that emerges from the evidence is that there is a case for shifting the emphasis of future spend away from some cash benefits and towards services like childcare. This would bring the UK closer into line with the academic evidence base and with the policy choices made by the top performing countries in a number of ways. It would reduce the effective marginal tax rates on second earners (both by reducing withdrawal rates and by reducing net hourly childcare costs), a key variable that we know boosts female

employment. It would particularly help mothers who move from part-time to full-time to retain more of their earnings. And it would reduce the extent to which caring responsibilities prevent women from fulfilling their aspirations for work.

Related link: Free childcare would raise millions in tax on working mums, says thinktank ^[4]

Region: Europe ^[5]

Tags: mother's labour force participation ^[6]

Source URL (modified on 27 Jan 2022): <https://childcarecanada.org/documents/research-policy-practice/11/12/missing-million-potential-female-employment-raise-living>

Links

[1] <https://childcarecanada.org/documents/research-policy-practice/11/12/missing-million-potential-female-employment-raise-living> ^[2] <https://www.resolutionfoundation.org/app/uploads/2014/08/The-Missing-Million.pdf> [3] <http://resolutionfoundation.org/publications/missing-million-potential-female-employment-raise-living-standards-low-middle-income-britain/> [4] <https://childcarecanada.org/documents/child-care-news/11/12/free-childcare-would-raise-millions-tax-working-mums-says-thinktank> [5] <https://childcarecanada.org/category/region/europe> [6] <https://childcarecanada.org/taxonomy/term/8142>