

Universal child care, maternal employment, and children's long-run outcomes: Evidence from the U.S. Lanham Act of 1940 ^[1]

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AVAILABILITY

Full text (pdf) ^[2]

Abstract:

This paper provides a comprehensive analysis of the Lanham Act of 1940, a heavily-subsidized and universal child care program that was administered throughout the U.S. during World War II. I begin by estimating the impact of the Lanham Act on maternal employment using 1940 and 1950 Census data in a difference-in-difference-in-differences framework. The evidence suggests that mothers' paid work increased substantially following the introduction of the child care program. I then study the implications of the Lanham Act for children's long-run outcomes related to educational attainment, family formation, and labor market participation. Using Census data from 1970 to 1990, I assess well-being in a lifecycle framework by tracking cohorts of treated individuals throughout their prime working years. Results from difference-in-differences models suggest that the Lanham Act had strong and persistent positive effects on well-being, equivalent to a 0.36 standard deviation increase in a summary index of adult outcomes. In addition, a supplementary analysis of distributional effects shows that the benefits of the Lanham Act accrued largely to the most economically disadvantaged adults. Together, these findings shed light on the design of contemporary child care systems that balance the twin goals of increasing parental employment and enhancing child well-being.

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