Policies for Reconciling Parenthood and Employment

Drawing Lessons from Europe

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Other industrialized countries have adopted policies that simultaneously promote early child care and gender equality. In both, the United States lags significantly. Many economists claim that the lack of such policies will reduce the nation's productivity. The authors analyze the policies of other nations and present a bold set of policies for the country that support families without sacrificing favorable economic outcomes.

Families in the United States and other industrialized countries are grappling with the twin dilemmas of caring for children when so many adults are in the workforce, and of achieving gender equality in the home and in the labor market. In U.S. policy debates, proposals to address these dilemmas often force tradeoffs—promoting child well-being at the expense of gender equality, or sup-

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porting gender equality at the expense of children's time with their parents. In our view, an examination of social policies in several European countries suggests that government can significantly help reduce conflicts between work and family without forcing these tradeoffs. Policies in much of Europe allow mothers and encourage fathers to provide care for their children during the critical first year of life, promote high-quality reduced-hour employment, and ensure affordable and high-quality substitute care for children. The continuing expansion of these policies in Europe suggests that they are politically popular and also compatible with high productivity and economic growth. By looking abroad we may find models for U.S. policy that reconcile rather than force tradeoffs between gender equality and the welfare of children.

In all the industrialized countries, families are navigating new terrain in their efforts to balance the demands of employment with their children's need for care. In the majority of U.S. families, all adults are now employed, and the annual working hours of U.S. parents, already among the highest in the industrialized countries, have risen in recent years (Jacobs and Gornick 2002). Parents are increasingly squeezed for time and, at the same time, struggling to negotiate gender divisions of labor that are both fair and economically viable. Although female labor force participation is relatively high in the United States, the employment rate and earnings of women with children lag behind those of both men and women without children. This reality is largely due to reduced employment associated with caring for children (Budig and England 2001; Crittenden 2001; Waldfogel 1998). Because men have not increased their hours of caregiving in proportion to women's increased hours of employment, many mothers—especially those with preschool-aged children and full-time jobs—spend longer hours in combined paid and unpaid work than do their male partners (Deutsch 1999; Mattingly and Bianchi 2003). When women do commit long hours to employment, they often rely on substitute child care that is both expensive relative to their own earnings and of uncertain quality. Ironically, while child care is costly for parents, the child care workforce, which is overwhelmingly females, is among the most poorly paid in the United States.

Observers of work and family life in the United States generally agree on the facts outlined above. Surprisingly, however, there is considerable disagreement on exactly what the greatest concerns are. Child development experts emphasize the importance of parental care during the early months and years of children's lives, and many are voicing concern that increasing maternal employment may be compromising children's health and well-being. Experts concerned with "work/life" balance emphasize the time pressures and stress experienced by women who are juggling competing demands, and the consequences for their careers and their health. Experts who are more explicitly feminist in orientation emphasize the persistence of gender inequalities, arguing that women's disproportionate assumption of unpaid work in the home is both cause and consequence of persistent gender inequalities in the labor market.

These discourses appear most at odds when proposing solutions. Some observers suggest that the solution is to shore up "traditional" family arrangements and gender roles by increasing supports for women as caregivers at home. With sufficient financial remuneration and social approbation, women may be persuaded to retain primary responsibility for caregiving and forgo employment opportunities that are equal to those of men. On the other hand, others suggest moving even more caregiving work out of the home. In the more extreme view, often called a universal-breadwinner society, all parents would be in the workforce full-time and children would be cared for mostly by other adults who are paid by the family or the government.

These disparate prescriptions share common weaknesses. They locate solutions for what is a social problem in the private sphere of family decision making. They generally neglect the possibility that fathers might become much more active partners in caregiving. In doing so, they, too, require tradeoffs between the equally important social goals of raising healthy children and equalizing opportunities between women and men.

Envisioning a Solution

Can we envision a social and economic arrangement that is consonant with both child well-being and gender equality? British sociologist Rosemary Crompton (1999) illustrates alternative arrangements along a continuum. The left end of her continuum corresponds to a "male breadwinner/female carer" arrangement in which men devote their time to waged work and women spend theirs caregiving in the home. One modification to this arrangement—in which both mothers and fathers are employed but mothers combine part-time work with caregiving—increases but does not accomplish gender equality. A second modification—in which both mothers and fathers are fully employed and children are mostly cared for outside the home by other adults—achieves gender equality but leaves parents with little time to care for their own children.

At the right end of her continuum, Crompton describes a social arrangement that fully reconciles parental caregiving time with gender equality. A "dual-earner/dual-carer" model would engage both mothers and fathers, and the family and the state, in the care of children. First, unlike arrangements in which men are the primary earners, it envisions symmetrical engagement by men and women in both paid work and in unpaid caregiving. Second, unlike arrangements that achieve gender equality by shifting most caregiving outside the home, it proposes that parents would have the time to care for their own children, at least during the critical first year of life. Finally, unlike arrangements in which parents bear the full cost of caring for young children through employment reductions and private child care purchases, it assumes the government will provide paid parenting leaves and high-quality public child care.[1]

The earner/carer arrangement resolves the tension between respecting caregiving and promoting gender equality by valuing both market and caregiving work and distributing them equally between men and women. It helps to resolve work/family conflicts by assuming that both mothers and fathers will reduce their employment hours when caregiving demands are very high. And it balances support for parents' employment and for children's well-being by assuming that parents combine temporary employment reductions with the use of good quality out-of-home child care.

What Would It Take?

What would an earner/carer society look like? Using data from the Current Population Survey (CPS), we can compare the average actual hours spent in paid work among U.S. mothers and fathers (including

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those working zero hours) with those in a hypothetical "earner/carer" society. As of 2000, U.S. mothers were working for pay an average of twenty-four hours per week if they had children under the age of six and about thirty hours per week if their youngest children were of primary and secondary school age. Men, in contrast, worked for pay an average of forty-four hours per week regardless of the ages of their children.

As a thought experiment, we consider mothers and fathers who are raising their children in couples, and ask: What if male and female parents shared more equally, and still had time to care for their young children? The primary impact of this shift would be on the intrafamily allocation—rather than total supply—of parents' time in market labor. Suppose mothers and fathers adjusted their employment hours so that they could provide equally shared, full-time care for children under the age of one and most of their children's care until age three, and then increased their work hours to about thirty-five to thirty-eight hours per week, as their children reached school age? In comparison to current levels, total parental employment hours would decrease—by about fifteen hours per week—only among families with children under age three. In all other families with children, mothers' employment hours would increase and fathers' hours would decrease, but their combined total hours would remain the same on average.

Despite their potential benefits for child well-being and gender equality, earner/carer arrangements such as these are simply not a realistic option for most American families. Among all but the most privileged families, parents cannot realistically choose to reduce and are often unable to reallocate their employment hours. Given limited options, couples rarely find it economically advantageous—or even feasible—to craft gender-egalitarian caregiving and employment arrangements.

What would it take to make dual-earner/dual-carer arrangements a viable choice for American families? For mothers *and* fathers to share the caring, women, and especially men, would need opportunities and incentives to shift hours from the labor market to the home when their children are young. When their children are older, women would need opportunities to shift a modest number of hours from the home to the market, while their male partners would need opportunities to do the reverse. Both women and men would need employment arrangements that allow them to take temporary breaks to care for children and options for high-quality, reduced-hour, or part-time work that do not impose excessive penalties in wages, benefits, and job advancement.[2] Parents would need access to nonparental care arrangements that are both affordable and of good quality for their children. Workers who provide this care would need reasonable compensation for their work.

The Role of Government Policy

Although limited in the United States, public policies that support these options are increasingly standard in several European countries. Mothers, and to an increasing extent fathers, have access to paid leave in the months following childbirth. Many countries are redesigning leave benefits to increase the incentives for fathers to take their share of time away from paid work for caregiving. National policies and collective bargaining agreements are shortening the standard workweek. Labor market policies, some mandated by the European Union (EU), raise both the quality and availability of part-time work. Beginning at the age of two-and-a-half or three, children in several countries have the right to a place in a high-quality early education program, and this entitlement is being extended to the under-threes in a growing number of countries.

To draw a contrast with existing policies in the United States, and to allow us to envision alternatives for the United States, it is helpful to examine in some detail the "package" of assistance available to families in parts of Europe. Although none of the European countries has a fully developed earner/carer policy system, Sweden and France provide useful examples of how family leave, working-time regulations, and early childhood education and care (ECEC) can be combined.[3]

The Swedish Case

Family policies in many of the Nordic countries have been adopted with the explicit goals of promoting child well-being and supporting gender equality, and Sweden provides a particularly useful example of this approach. Leave policies in Sweden provide parents with extensive and flexible time away from the workplace in order to care for young children. Couples have an entitlement to sixteen months of paid parental leave, shared between mothers and fathers. Leave policies encourage gender equality in participation by designating two months of this leave as "use-or-lose" or "daddy quota" leave for fathers and by providing high wage-replacement rates (approximately 80 percent of earnings) that reduce the financial penalty of withdrawing the higher earner (often fathers) from employment.[4] Swedish parents are allowed to "tick down" their leave entitlement over several years (until the child's eighth birthday). Parents are also entitled to other forms of leave at the same wage replacement rate—including up 120 days each year to care for a sick child and short-term leaves for other family reasons—although actual take-up of benefits is far below this legal maximum. The average standard work week is 38.8 hours (set largely through collective agreements), and all workers have twenty-five to thirty days of annual paid vacation. Parents have an additional, statutory right to work six hours per day (at prorated pay) until their children turn age eight.

Beyond periods of paid leave, Swedish parents have access to high-quality and affordable alternatives to parental child care. Extensive, educationally oriented public care is provided as an entitlement for all children. Nearly half (48 percent) the children between the ages of one and two are in publicly supported care, as are 82 percent of those between the ages of three and five and virtually all six-year-olds. Standards, set nationally and adapted in local municipalities, ensure high-quality care, provided by workers who earn wages at about the national mean for all women workers. Public child care during the preschool years is typically full-day, full-year. Primary schools are generally open for many hours beyond the instructional hours—as long as sixty hours per week in some parts of the country.

Government and parents share the costs of this early childhood education and care. Investments by national and municipal government averaged $4,950 per child under school age in the mid-1990s, covering about 82 percent of costs. Parent fees covered the remaining 18 percent, paid on sliding fee scales that adjust for family income. Given extensive public provisions, use of privately purchased care is rare.

The French Case

Countries in continental Europe have taken a somewhat different approach to work/family and working-time policies. Family policies are typically less generous than those of the Nordic countries, and do less to explicitly promote gender equality, while some forms of working-time regulation are more generous in their protection of workers' time. Among the continental countries, the policies of France are arguably most consistent with the earner/carer model.

French mothers are entitled to sixteen weeks of paid leave following the birth of first and second children, and twenty-six weeks after the birth of third and subsequent children, with 100 percent wage replacement (up to a cap). French parents are also entitled to share three years of job-protected parental leave with low flat-rate benefits, and short periods of paid leave to care for ill children. Although maternity leaves are well established, France has been slow to address the resulting gender inequalities. Since 2002, fathers in France have a right to a short period (eleven days) of paid paternity leave. The low benefits provided for extended parental leave, however, continue to create incentives for mothers, much more than fathers, to take extended breaks from employment.

France has been at the forefront of European efforts to reduce working time. Since 2000, the French workweek has been legally limited to thirty-five hours. The law covers nearly all workers, and lower-wage employees were protected from pay losses following implementation. France's thirty-five-hour law was originally enacted to reduce unemployment; later, the government's emphasis shifted to the twin goals of supporting work/family reconciliation and promoting gender equality.[5] France has also taken steps to increase the availability and quality of part-time employment—for example, enacting provisions that allow caregivers to temporarily reduce their working hours with prorated pay and benefits.

France is also a leader in the provision of high-quality alternatives to parental child care, particularly during the years before public school. A dual system of early child care and later public preschool (*école maternelle)* provides care for about 20 percent of French children under age three and nearly all children between age three and the start of public school. From the ages of two-and-a-half or three, children are entitled to a place in these free public preschools, and nearly all children attend. Public care for those below age three, provided through subsidized *crèches* with parental copayments, is more limited, and many parents arrange private in-home or other care (which is partially subsidized through the tax system).

Quality standards for early childhood education and care in France are set by national policy and curricula. Teachers in preschools have the equivalent of graduate training in early education, and compensation is correspondingly high—the earnings of preschool teachers are above the mean for all employed women in the country. Although high in quality, the hours of early care and education in France are not fully consonant with the needs of earner/carer families. Schools in many part of the country still close, for example, for a half-day on Wednesday. Ironically, French parents may have access to longer and more continuous hours of care for their young children, in *crèches,* than for their preschool and school-age children.

Early childhood education and care in France are financed through a combination of government, employer, and parental contributions. Parents pay an estimated 17 percent of *crèche* costs and a larger share of care in family care settings or for in-home care. Preschools are financed by national and municipal government and free to parents. As of the mid-1990s, total public expenditures averaged $3,161 annually per child under school age.

Lessons for the United States?

In comparison to either of these cases, the United States is a policy laggard—lagging both in generosity and in supports and incentives for gender equality. In this section we describe the contours of current parental leave, working time, and early childhood education and care policies in the United States. We then draw on the European models to suggest a policy package for the United States that would provide generous and gender-egalitarian support for parents balancing earning and caring roles.

Paid Family Leave

The United States remains one of a handful of countries in the world that has no national program of paid maternity leave, and one of the few Organization for Economic Cooperation and Development (OECD) member countries without paid parental leave. The federal Family and Medical Leave Act (FMLA) of 1993 provides twelve weeks of unpaid leave per year for mothers and fathers who are employed in covered workplaces and who meet eligibility requirements. Small employers are exempt from the FMLA, however, and more than 40 percent of those in the private-sector workforce work in firms that are not covered by the law.

The FMLA is limited even more fundamentally by the lack of wage replacement. Some states extend workers' rights to unpaid leave, and five states mandate some wage replacement to mothers at the time of childbirth, via state Temporary Disability Insurance (TDI) programs. These programs assist new mothers but are categorically gender-inegalitarian. In 2004, California became the first state to extend any

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paid leave to fathers, providing six weeks of paid leave to mothers and fathers, paid at approximately 55 percent wage replacement, subject to an earnings cap.

Outside of these state programs, paid leave is available to some workers—especially high-earning workers—through their employers, either as part of a standard employee benefit package or negotiated on a case-by-case basis. As of the mid-1990s, only 43 percent of women who were employed during their pregnancies received any paid leave during the first twelve weeks following birth or adoption through either public provisions or voluntarily-provided employer benefits—including the use of maternity pay, sick pay, or vacation pay (Smith et al. 2001). Fathers' access is even more limited. A recent study of personnel managers found that only 7 percent of employers, nationwide, provided any paid leave at all for new fathers (U.S. Office of Personnel Management 2001).

What could the United States do to provide more generous and gender-equalizing support for earner/carer families? The Swedish case suggests key elements for such policies.

First, in a comprehensive paid family leave program, all employed mothers and fathers would be granted six months of paid leave following childbirth or adoption. As with the current FMLA provisions, each employed parent would have his or her own nontransferable leave entitlement. This is a significant adjustment to the Swedish model, in which couples share a family entitlement. While nontransferability restricts individual options, it substantially increases the incentives for fathers' participation.

Second, employees would receive 100 percent wage replacement during these leave periods, with an earnings cap on benefits to contain costs. A social insurance fund, similar to the current Social Security Trust Fund, could be used to finance wage replacement through employer and/or employee payroll contributions. To minimize discrimination against potential leave takers, it is crucial that employers not be expected to replace the wages of their own workers when they leave and that social insurance premiums not be experience-rated to reflect the share of employees who draw benefits.

Third, flexibility in paid leave entitlements would allow parents to take up their benefits either full-time or in combination with part-time employment, and to draw down their six-month entitlement incrementally, until their child's third birthday. In other words, each (employed) new parent would be granted a six-month allotment of leave time and permitted to flexibly choose how and when to "tick the clock down." To accommodate employers' needs, employers should have the right to require substantial notification periods before workers exit the workplace and before they return. Government could provide additional help for employers—particularly small employers—by making referrals between potential workers seeking employment or training opportunities and employers seeking to hire temporary replacement workers.

Fourth, employed parents would have the right to take paid time off occasionally to attend to other family-related obligations. For example, employed parents might have the right to twenty-four hours per year of leave with pay in order to care for sick children and other family members, or to attend to children's school or other medical needs. These benefits would be paid through the contributory family leave fund.

Working-Time Regulations

Working time in the United States is regulated through federal and state laws and, to a lesser extent, collective bargaining agreements. The most important mechanism is the national Fair Labor Standards Act (FLSA) of 1938, which establishes the standard workweek by requiring employers to pay time-and-a-half for each hour worked above forty in a seven-day week. The FLSA's protections are comparatively weak in two respects. First, that forty-hour threshold in place for over six decades is high in cross-national terms; most of the countries of western and northern Europe have moved to weekly standards in the range of thirty-five to thirty-nine hours. Second, according to the U.S. General Accounting Office (2000), as of 1998, as many as 26 million workers, or 27 percent of full-time workers, were exempt from FLSA coverage. The share of the labor market that is exempt has grown sharply in recent years, increasing by 9 million workers during the 1980s and 1990s alone.

In comparison to the working-time regulations in place in many European countries, the FLSA is most notable for what it does *not* address. The FLSA neither mandates maximum total hours nor prohibits mandatory overtime. In the United States, employees who refuse overtime hours have no protection from job dismissals, demotions, or other repercussions. As Golden and Jorgensen (2002) report, about one-third of overtime workers in the United States report being compelled by their employers to work overtime. With the exception of the minimum wage, the FLSA is also silent on issues of compensation and benefits for part-time and other reduced-hour workers, and it offers no extra compensation for workers in nonstandard shifts. Nor does it address daily or weekly rest breaks, or annual vacation rights.

Although not generally viewed as "working-time policy," regulations that govern employer benefits also have important consequences for the relative quality of part-time work in the United States. Both the Employee Retirement Income Security Act (ERISA) of 1974 and the U.S. Internal Revenue Code set rules that give employers the right to offer different benefits to part-time and full-time workers. In the United States, this is especially consequential with regard to health insurance. A disproportionate share of part-time employees are employed by firms that offer no health insurance; other part-time workers work for employers that do provide coverage, but they are excluded due to their part-time status. A parallel situation exists with respect to the regulation of private pensions because ERISA, in combination with the Internal Revenue Code, allows employers to exclude from pension plans those workers who work fewer than 1,000 hours annually—which translates to about half-time work.

Working-time policies in Sweden and France, which correspond to those in much of Europe, suggest the elements of more progressive and family-friendly regulations for the United States

First, statutory reforms would reduce standard weekly employment hours in the United States to 37.5 hours a week to provide all workers, and most especially parents, with more time for family responsibilities. A 37.5-hour work week is near the current average in the EU and actually consistent with average actual hours currently worked by U.S. parents. Mandating reductions in the standard workweek would increase parents' opportunities to seek employment that is institutionally "full-time" but at less than forty hours, and decrease the concentration of these jobs in a subset of firms, occupations, and industries that typically provide lower wages and restricted career opportunities.

Second, employed parents with children under age three would have the right to shift temporarily to part-time employment, without changing employers. Employers would reasonably need substantial advance notification from employees and, as is common in much of Europe, employers would have the right to refuse "on business grounds" with their refusals subject to government review. To accommodate the needs of small employers, the right to work part-time might be restricted to workers in enterprises of a minimum size—say, ten workers (as is the case in the Netherlands) or fifteen workers (as in Germany).

Third, part-time workers would have the right to pay and benefit parity—in comparison to full-time workers performing similar work in the same enterprise. Such protections, aimed at preventing discrimination against part-time workers, have been required in all EU member countries in the wake of the 1997 EU Directive on Part-Time Work.

Early Childhood Education and Care

About three-quarters of preschoolers in the United States spend some portion of their time in nonparental care while their parent(s) are at work. Families may qualify for assistance with child care through one of three main policy vehicles: means-tested subsidies, state or federal preschool programs, or state and federal tax credits for out-of-pocket expenditures. Public expenditures have increased in recent years, particularly for means-tested subsidies and state pre-kindergarten programs in some states. Even with recent increases in spending, however, nontax public expenditures on ECEC in the United States averaged only about $680 per child under age five as of 2000—less than one-seventh of per-child spending in Sweden and about one-fifth of spending in France. State and federal tax benefits combined provide a small additional benefit—averaging only about $440 per claimant family.

The costs of substitute care remain mostly private in the United States and highly unequal across families. Only an estimated 12 percent of employed families with a child under age thirteen receive some type of nontax assistance from government or other organizations (Giannarelli et al. 2003). Out-of-pocket child care costs consume an average of 9 percent of family earnings per month. For families earnings at or below the poverty line, however, the costs are an estimated 18 percent (Giannarelli and Barsimantov 2000).

Although care is expensive for families, observational studies suggest that it is highly variable, across settings, and often of mediocre to poor quality—due in part to variable and generally weak public (state) regulations of private service quality and provider training (Helburn et al. 1995; Galinsky et al. 1994; NICHD Early Child Care Research Network 2000). Expensive care of dubious quality has implications for children's well-being. It also has implications for gender equality. Without affordable and acceptable alternatives to parental care for young children, it is women, rather than men, who reduce employment hours and incur employment penalties. And efforts to keep private care "affordable" translate directly into reduced economic and social status for the highly feminized, poorly paid, and often poorly trained child-care workforce (Whitebook 1999).

What could the United States do to create an affordable and high-quality system of care that builds on the best elements of the Swedish and French systems?

First, the federal government would establish universal, child-based entitlements to early care and education. With the provision of paid parental leaves, we assume that parents will provide a portion of care for children in the first three years of life. This assumption suggests the need for limited amounts of infant care; modest amounts of toddler care; more extensive care for three- and four-year-old children; and services to extend the kindergarten school day for five-year-old children. To equalize children's access to high-quality care, these services should be provided as a child-based entitlement that does not impose complex eligibility screens based on family income or parents' employment status.

Second, national funding for early care and education would reduce and equalize out-of-pocket costs for families. The current patchwork of federal and state funding for early childhood education and care in the United States has resulted in limited support for parents, a complicated system of uncoordinated programs and tax credits, and substantial regional variation in assistance. National funding, linked to child-based entitlements, would both simplify and equalize assistance. To contain public costs, government could assume 82 percent of total costs (about the European mean), paid for through general revenues. The remaining 18 percent of costs could be covered through a uniform system of parental fees, adjusted to family income and exempting the poorest families entirely.

Third, provision of care through multiple settings would provide parents with the choice of arrangement type and caregiver. Parents' preferences for care arrangement vary with the ages of their children and with their own family and cultural beliefs. Given consolidated federal funding and oversight, the existing and highly differentiated supply of family child care homes and child care centers, public and private preschools in the United States could provide the foundation for an expanded and integrated service system. High levels of non-standard-hour work among U.S. parents, higher than in most of Europe, create special child care demands. For parents who work outside a regular forty-hour workweek, publicly subsidized care (e.g., in family child care homes) could provide care options in combination with universally available preschool to ensure that these children do not miss the early educational opportunities available to other children.

Fourth, the adoption and enforcement of national standards would ensure high quality in all subsidized early childhood education and care. As the European models suggest, national standards for service quality and program content can be combined with local, community- or program-level adaptations to provide consistent quality that is responsive to family preferences. Along with protection of health, safety, and, where appropriate, program content, the most crucial input into quality care is staff education, training, and commitment to caregiving work. These caregiver features are, in turn, dependent on wages, benefits, and working conditions that attract and retain high-quality workers, standards for which would be an essential component of national quality standards.

What Would It Cost?

In imagining universal policies that support gender-equal engagement in caregiving and employment, while ensuring the highest quality of care for children in their developmentally sensitive early years, we have proposed programs that are substantially more generous than current U.S. policy. How much more generous? And how much revenue would be needed?

We present our estimates of the direct costs of these paid family leave and early childhood education and care proposals in Table 1.[6] The proposed working time regulations do not require direct public outlays, so we omit them from our estimates of direct costs.

Table 1

Estimated Direct Costs: Paid Family Leave and Early Childhood Education and Care Programs (under alternative assumptions about take up)

	In U.S. dollars (billions)	As a share of U.S. GDP
Paid family leave		
High take up (100%)	$45.0	0.43%
Moderate take up (approximately 50%)	$22.5	0.22%
Early childhood education and care		
High take up (100% of children)	$111.1	1.07%
Moderate take up (50% of children <3)	$84.4	0.81%
Total		
High family leave take up and high ECEC take up	$156	1.50%
High family leave take up and moderate ECEC take up	$129	1.24%
Moderate family leave take up and high ECEC take up	$134	1.28%
Moderate family leave take up and moderate ECEC take up	$107	1.03%

We estimate that the total direct cost of the paid family leave proposal outlined above would be approximately $22.5 billion to $45 billion per year in new social insurance spending, depending on the average number of days claimed by leave-takers. These costs are based on the provision of a six-month benefit for both mothers and fathers, payable at 100 percent wage replacement (with an earnings cap of about $69,000 per year in 2004), and no minimum enterprise size. The lower-bound estimate assumes that leave-takers claim an average of 50 percent of the days to which they are entitled; the upper-bound assumes that they take up the entire period to which they are entitled. While these estimates include administrative costs, they do not include the cost of paid leave for caring for ill family members. They account for paid leave for maternity and parental leave only, and a small amount of leave for other family reasons.

Universal early childhood education and care—for about twenty-six hours a week on average for children under three, full time for three- and four-year-olds, and half-time for five-year-olds (the majority of whom are now enrolled in public kindergarten part-day)—would cost an estimated $111 billion if government assumed 82 percent of costs and take up was 100 percent among families. If family take up for one- and two-year-olds was closer to the 50 percent of Swedish families, the total public cost would be about $84 billion. Given current federal spending of about $16 billion on subsidies, tax benefits, and Head Start, the programs would require an estimated $95 billion (high take up) to $68 billion (low take up) in new spending for the federal government—and free additional funds that states are currently devoting to child care and early education.

Are these direct costs a lot or a little to spend on the well-being of families and children? This level of spending would be comparable to what some of our European counterparts now invest in these programs. The paid leave and child care/early education benefits combined represent about 1.0 to 1.5 percent of the current U.S. gross domestic product (GDP) for moderate take up and high take up, respectively. In comparison, Sweden spends about 2.5 percent of its GDP on the combination of family leave and ECEC; France, with somewhat less extensive leave benefits, spends about 1.3 percent. The United States currently spends about one-tenth of the higher amount: approximately 0.15 percent of its GDP on publicly financed child care and a negligible amount on publicly paid leave.[7]

The social benefits of investments in public education for older children are well understood. The United States now commits about 3.4 percent of GDP to public primary and secondary education. Together, the benefits we have proposed would require about 30–44 percent of what the United States now commits to public education—a comparable public commitment to children in the years before the start of public school.

Would It Work in the United States?

Would the United States gain or lose, economically, if we were to move toward shorter workweeks and universal programs of paid family leave and early childhood education and care? The answer depends on both the costs of these policies and their potential short- and long-term returns to society.

The United States is ranked first among OECD member countries in per capita income, using purchasing-power–adjusted exchange rates. This level of total output comes with a steep price, however. Americans also work the longest hours among these countries, creating a particularly heavy time burden on those with children. It is also the case that Americans may be so hard-working that we are on the diminishing-returns portion of the productivity curve. While the United States leads the world in GDP per worker, it ranks eighth among OECD member countries in GDP per worker-hour.

The United States may also be paying both a short- and longer-term economic price through its failure to ensure that all children have a healthy start in life. Leaving the costs of child rearing almost entirely to parents is unlikely to produce optimal social and economic outcomes, because the costs that parents incur on behalf of their children produce benefits that are widely dispersed. In other words, as Nancy Folbre and Paula England have argued, children are public goods—in the sense that their capabilities benefit society as a whole and others can reap the benefits without paying for their "production" (England and Folbre 1999; Folbre 1994). To the extent that children's capabilities are public goods, private investments in their care are likely to be suboptimal, and society as a whole may eventually pay a collective price in the form of children who fail to achieve their full potential, at best, or who become a drain on public programs, at worst.

Government policies that help families reconcile employment and caregiving, and that ensure high-quality care for children, are likely to produce both short- and long-term economic returns. Whether these returns are greater than the social investments depends, in part, on whether the social spending itself is a drag on economic productivity and growth. In a comprehensive study of this question, Peter Lindert (2004) concludes that, contrary to the intuition of many economists, social spending in the industrialized countries has contributed to, rather than inhibited, economic growth. Lawrence Mishel et al. (2005) concur. Their empirical results suggest that although productivity increased in the United States in recent years, the United States underperformed relative to some higher-spending OECD member countries for most of the past twenty years.

In the end, the question of whether we can "afford" more generous work/family policies is political rather than fiscal. Providing support for parents in high-employment societies does not demand that we trade the interests of women against those of men, or the interests of children against those of their parents. As the European experiences suggest, social policies can be designed to promote economic security, child well-being and gender equality without sacrificing economic productivity.

Notes

1. Throughout this paper we focus on two-parent, heterosexual couples in order to examine work/family balance and gender equality in tandem. The issues are equally relevant for same-sex couples and for single parents. In the case of single parents, gender-equal work/family reconciliation policies could increase noncustodial fathers' involvement and reduce the gender bias resulting from the disproportionate share of childrearing assumed by single mothers.

2. We use the term "reduced-hour work" to refer to paid work that is institutionally "full-time" but at less than forty hours per week, generally in the range of thirty-five to thirty-nine hours. By "part-time work," we mean paid work at less than approximately thirty-five hours per week, the standard cutoff in the United States.

3. See Gornick and Meyers (2003) for more detail and for sources of country-specific information.

4. Although mothers continue to take more leave than fathers in Sweden and other Nordic countries, fathers' participation has risen sharply since the introduction of "use or lose" and other gender-equalizing provisions. As of the mid-1990s, more than 40 percent of eligible fathers took some parental leave in Sweden, and more than 70 percent did so in Norway (Ellingsaeter 1999; Leira 1999).

5. The French thirty-five-hour law has been contentious in part because it sets the work week two to three hours below standards in most of Western and Northern Europe. In 2005, the French thirty-five-hour law was substantially weakened by changes that lessened the limits on overtime options.

6. The details underlying these cost estimates are available from the authors. Cost estimates for paid family leave are based on estimates for the California program by Dube and Kaplan (2002), adjusted upward to reflect a longer benefit period and higher wage-replacement rate. Arindrajit Dube (personal communication, May

6, 2004) provided helpful suggestions for this estimate. Estimates for early childhood education and care costs are based on Helburn and Bergmann (2002), adjusted for the number of children receiving care on a part- or full-time basis, and increased by about $2,000 per child annually to improve providers' salaries and service quality. The resulting per-child estimates are similar to the actual price of high-quality preschool services currently provided in public settings.

7. The estimated 2.5 percent of GDP in Sweden and 1.5 percent of GDP in the United States represent roughly equivalent levels of expenditures *per capita* because per capita GDP is higher in the United States than in Sweden. See Gornick and Meyers 2003 for a more extended discussion.

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