

## How paid family leave affects mothers in the labor force

Women's labor force participation has increased dramatically over the past four decades, particularly among women with children under age 18. According to data from the BLS Current Population Survey, the labor force participation rate for women with children under 18 was 47.4 in 1975, reached a high in 2000, and then held fairly steady; in 2010, the rate was 71.3 percent. The labor force participation rate in 2010 for mothers with children under 3 years old was 61.1 percent, a figure which is almost double the rate in 1975, when only 34.3 percent of mothers with children younger than 3 worked.

Despite this substantial growth, laws governing paid leave for new mothers have not much evolved. The United States is the only advanced industrialized nation without a federal law providing new mothers (and fathers) with entitlements to paid family leave (PFL). And only three states—California, New Jersey, and Washington—have implemented PFL programs.

California's Paid Family Leave program, administered by the State Disability Insurance program, was established in 2004 to provide up to 6 weeks of benefits for California workers who need time off from work to care for a seriously ill child, spouse, parent, or registered domestic partner, or to bond with a new child. Workers who receive benefits get a portion of what they usually earn in a week.

In "The Effects of California's Paid Family Leave Program on Mothers' Leave-Taking and Subsequent Labor Market Outcomes" (National Bureau of Economic Research, Working Paper 17715, December 2011, <https://www.nber.org/papers/w17715>),

authors Maya Rossin-Slater, Christopher J. Ruhm, and Jane Waldfogel examine how California's program affects leavetaking by mothers following childbirth, and particularly focus on how the program affects different demographic groups and reduces previous disparities in leavetaking. The authors also look at the medium-term impacts of maternity leave on mothers' subsequent labor market outcomes.

The authors' analysis uses March Current Population Survey data from 1999 through 2010 and a difference-in-differences approach to compare the leavetaking experiences of mothers with infants or young children before and after the PFL program was implemented in California with the leavetaking experiences of control groups alternately consisting of women with older children, childless women, men with noninfant children, or new mothers living in other states. The difference-in-differences approach helps measure the impact of the program apart from any leavetaking trends already in effect.

The authors determine that the California PFL program increased leavetaking among all groups of new mothers, citing evidence that overall maternity leave use more than doubled. Prior to the availability of PFL, new mothers in California typically took about 3 weeks of maternity leave. Their study shows that, after the implementation of the PFL program, overall use of maternity leave increased by an average of 3 to 4 weeks, with new mothers taking an average of 6 to 7 weeks of leave.

The authors also note that PFL in California increased not only the length of the leave taken, but the likelihood a new mother would take leave. The authors found that the likelihood of a woman taking

maternity leave increased by 6.1 to 7.4 percentage points (depending on the choice of control group) after the implementation of PFL.

This growth in leavetaking was particularly notable for mothers who were unmarried or nonwhite or who had less education. These women had relatively low levels of maternity-leave use to begin with because they were less likely to be eligible for leave under the previous policies and less able to afford unpaid time off work. Rossin-Slater, Ruhm, and Waldfogel find that leavetaking among new mothers with only a high school degree rose 5.3 percentage points, and among new mothers with some college, leavetaking rose 7.8 percentage points; in contrast, leavetaking for mothers with a college degree rose only 4.0 percentage points, a statistically insignificant amount. Unmarried mothers' leavetaking grew 7.3 percentage points compared with 6.0 percentage points for their married counterparts. The authors point out that use of maternity leave increased sevenfold for black mothers; where black mothers once took around 1 week of leave after childbirth, they now took 7 weeks of leave.

The authors offer an initial examination into the medium-term labor market outcomes of new mothers who took advantage of California's PFL program. They did not find any negative effects on the labor market outcomes of mothers who had applied for PFL benefits; instead, the authors found evidence that, 1 to 3 years after the birth of a child, employed mothers had a 6- to 9-percent increase in work hours and a similar growth in wage income.

Although the authors' research looked into the short and medium-term labor market outcomes of paid family leave after a woman becomes a mother, they note that it will be

worthwhile to examine longer-term effects on the health and development of the children as data become available.

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## **The chicken or the egg: women's empowerment and economic development**

What is the relationship between the empowerment of women and economic development? If more women are empowered—through shifts in political power, monetary subsidies, more economic freedom, and the like—will that translate into greater economic development for the benefit of all? Or, conversely, does economic development automatically lead, or at least tend to lead, to more empowerment and less inequality for women? In “Women’s Empowerment and Economic Development,” (National Bureau of Economic Research, Working Paper 17702, December 2011, <http://www.nber.org/papers/w17702.pdf>), Esther Duflo, Massachusetts Institute of Technology professor of poverty alleviation and development economics, reviews the literature on both sides of the issue and concludes that the link between women’s empowerment and economic development is relatively weak in either direction, so the cause of equality between men and women requires policies targeted directly at women.

On the one side are policymakers and social scientists who contend that women’s equality is enhanced when poverty decreases; such policymakers aim to create the conditions for economic growth without necessarily proposing policies targeted specifically at women. In contrast to these advocates are those, such as the World Bank, which favor addressing women’s inequality directly, by overhauling institutional structures, offering more scholarships to girls, and setting quotas for

women in legislative bodies.

Duflo examines a number of studies of conditions in the less developed world (where women’s inequality is greatest) which show that when poverty is reduced, not only does everyone benefit, but women benefit disproportionately. The problem, however, is that reducing poverty is a difficult task; that is why poverty remains widespread. So, although spurring economic development is effective when it happens, it doesn’t happen that often. Therefore, says Duflo, policy action is still necessary to empower women.

But policies that directly address gender imbalance have their own problems. Policies targeted at improving the situation of women could easily be justified if they both promote equality and stimulate further economic development—and they do in some instances. But not always do decisions made in favor of women turn out best for long-term development. Therefore, although the literature often depicts the empowerment of women as being good for general economic development, this picture is somewhat exaggerated, and policies aimed at women must be evaluated on a case-by-case basis, especially with regard to their general and long-term effects.

Duflo cites a number of studies that support evaluating each policy on its own merits. On the one hand, in a study that she herself previously conducted in South Africa, Duflo found that, among blacks, girls who lived with a grandmother who was receiving a pension from the government were heavier—that is, better fed—on average than girls who lived with a grandmother who was too young to get the pension. Also, among girls who were born after the establishment of the pension system, those who were living with their pensioner grandmothers were taller than those who lived with a grandmother who

was not receiving a pension. So it appears that a program that was targeted at blacks (and thus at black women) had a positive effect on women’s health and development without causing any negative effects on the rest of South African society. (Although no corresponding positive effects were found when the pensioners were men, and no corresponding positive effects were found for boys, no negative effects were found either.)

On the other hand, in a study conducted in Ahmedabad, Gujarat, India, self-employed women were offered business training in an attempt to boost their incomes. The authors of the study found that upper caste women benefited from the program but lower caste women and Muslim women did not. The authors explained that upper caste women might have had more to learn than lower caste women because upper caste women are less likely to have had business experience. Because the upper caste women were starting out from a lower income level than the lower caste women, the change in the income of upper caste women would be proportionately greater. As for the Muslim women, their mobility was restricted by their religion, so they could not readily put to use whatever knowledge the program gave them. Thus, a program aimed at women benefited, not just a relatively small proportion of women, but actually the already wealthiest among them.

The lesson to take away from the two examples given, as well as from many others that the author cites, is that policies aimed at improving gender equality are necessary, but may have to be evaluated carefully before they are implemented. Empowering women is a good thing, but the literature sometimes exaggerates the good it can do and ignores potential long-term negative effects both on some women and on the overall economy. □