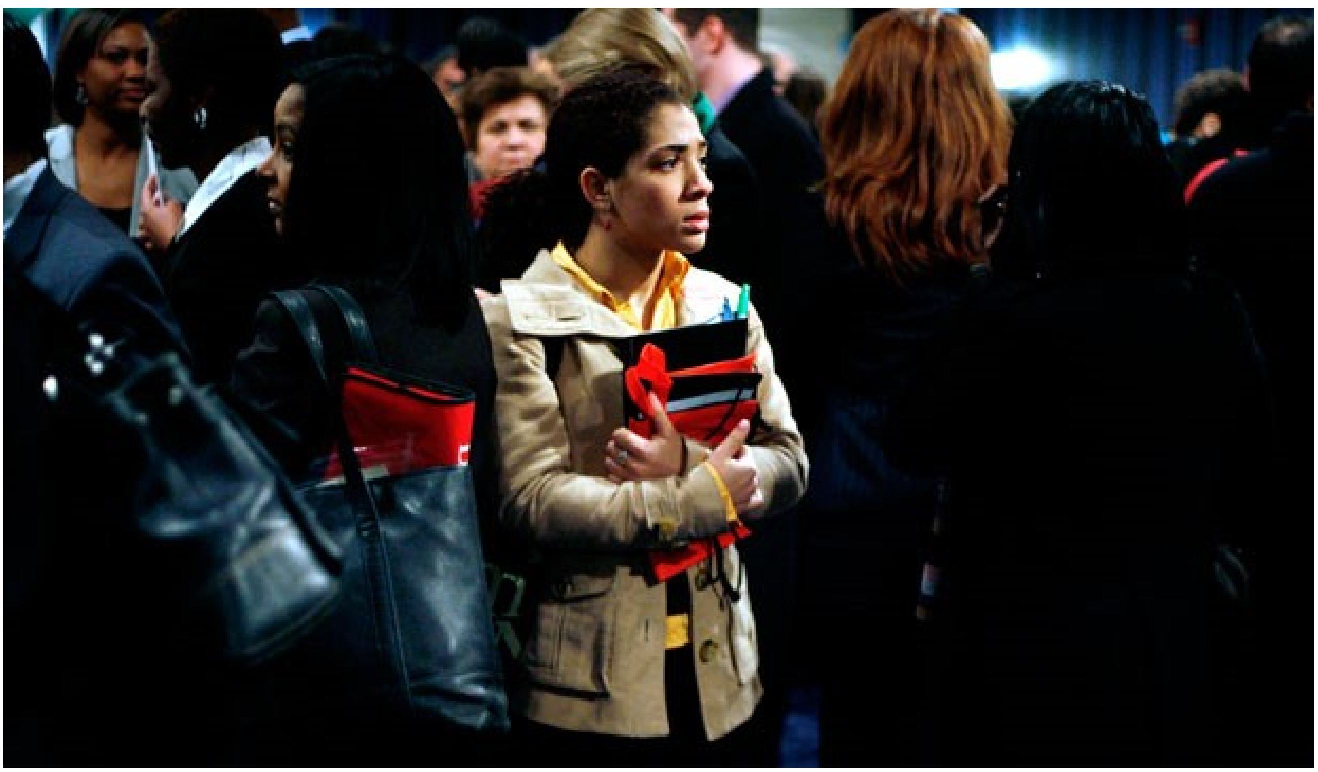
WOMEN

To Fight Inequality, Support Women's Work

By Judith Warner | Posted on September 29, 2015, 9:03 am



AP/Seth Wenig

Job seekers make their way through the large crowd at the Women For Hire Career Expo in New York City in 2009.

See also: How Married Women's Rising Earnings Have Reduced Inequality by Brendan Duke

Early this year, a team of distinguished economists, current and former government ministers, academics, labor leaders, and opinion makers gathered at the Mayflower Hotel in Washington, D.C., to announce an ambitious plan to create "inclusive prosperity" on a transnational scale. The experts—led by former U.S. Secretary of the Treasury Lawrence H. Summers and Britain's then-Shadow Chancellor of the Exchequer Ed Balls—spoke about new investments in infrastructure, raising wages, and more progressive taxation. They also highlighted a time-tested approach that is too often omitted from mainstream economic debate: maximizing the earnings power of women.

Endnotes and citations are available in the PDF and Scribd versions.

The Scandinavian nations have largely managed to avoid the "toxic cocktail" of "growing inequality" that is now poisoning social and economic life in much of Europe and the United States, said Pär Nuder, Sweden's former minister of finance. A key reason for this success, he said, is that "we have, contrary to many other countries in Europe and elsewhere, mobilized the whole work force. Not only the male part but also women."

Nuder conveyed a truth that has been proven time and again in studies around the globe: Women's employment is key not only to a nation's economic growth but also as a powerful countervailing force to the contemporary scourge of income inequality.

Since the 1980s, household income inequality has increased in nearly all advanced industrialized countries. The rate and extent of that increase, however, has varied among nations due to a variety of social, economic, and political factors. Among the most important of these is women's work, which is supported in many countries through generous paid leave, child care, and flexible scheduling policies. A 2013 European Commission policy brief stated this categorically: "It has been shown that 'women-friendly' reconciliation policies play a major role in facilitating work-life balance for female second earners in households, thus increasing household income and countering inequality."

The dual awareness that women's work serves as an income equalizer among households and that family-friendly policies, by extension, are essential tools in fighting income inequality has been slow to take root on this side of the Atlantic. In recent years, it instead has been fashionable in the United States to point to studies showing that women's work has actually worsened income inequality. That conversation has focused on "assortative mating"—the practice of people marrying others like them, in this case, others with a similar education level—to argue that the widespread movement of women into the workplace since the 1970s has brought high-earning men and women together into even more high-earning households in an entirely new way.

This report will argue that this line of reasoning is misleading and—worse—pernicious: It is the latest in a set of destructive attitudes that have kept the United States from moving forward with the rest of the industrialized world in adopting policies that support women's employment.

It has previously been established that women's earnings have played a key role in bolstering the health of the U.S. economy. Last year, the White House Council of Economic Advisers, or CEA, analyzed decades of data from the Bureau of Labor Statistics' Current Population Survey and reported that nearly all of the rise in U.S. family income between 1970 and 2013 was due to women's increased earnings. "In fact, if women's participation had not increased since 1970," CEA wrote, "median family income would be about $13,000 less than what it is today."

Women's earnings have also played a central role in tempering the growth of inequality. A new analysis from the Center for American Progress, carried out by Policy Analyst Brendan Duke, shows that from 1963 to 2013, inequality in the United States—measured by the distribution of income among the bottom 95 percent of married couples—rose 24.9 percent. Women's earnings in that period rose fivefold. That increase, Duke demonstrates, had a significant effect on counteracting the rise of inequality; indeed, he shows that if women's earnings had not changed, inequality would have increased 38 percent. In other words, inequality in the United States would have grown more than 50 percent faster if women's earnings had not increased between 1963 and 2013.

Economists Maria Cancian and Deborah Reed previously measured the impact of wives' earnings on income inequality by developing a set of counterfactual scenarios that could be compared to observed findings. Using data from 1979 to 1989, they compared data on married couples' incomes to a series of alternative scenarios in order to isolate the effect of wives' increased labor force participation and earnings. They concluded that wives' earnings reduced income inequality because the income distribution would have been more unequal in their absence. Economist Susan Harkness conducted similar research, using data from 2004, that compared counterfactuals in which no women worked and all women worked. Her findings reinforced the conclusions drawn in previous research, finding that if no women worked for pay earnings, inequality among coupled households would be 63 percent higher, while if all women worked, it would be 22 percent lower.Brendan Duke's analysis builds upon this previous body of research by expanding the time period studied to 1963 to 2013 and by tweaking the counterfactual scenario with which the observed data are compared. In his analysis, the observed data on incomes of married couples are compared with an alternate scenario in which women's earnings inequality and inflation-adjusted earnings remained unchanged from the early 1960s. In doing so, he found that the wives' earnings helped reduce income inequality growth because inequality would have grown roughly 50 percent faster without their increasing contributions to their families' income.

The positive effect of women's increasing earnings contribution on mitigating the growth of income inequality, though considerable, could have been larger still if American women's workforce participation in recent decades had increased on a level consistent with that of other advanced industrialized nations. Making that a reality, however, would have required a very different policy environment.

The United States is an outlier among industrialized nations in its lack of work-family policy. It is the only industrialized nation that does not guarantee paid time off for working mothers to care for a new child, and it is one of the only high-income nations that does not guarantee workers paid sick leave. Access to policies such as paid family leave, paid sick days, and family-friendly work scheduling has long been a perk awarded only to highly valued employees; this has predictably resulted in a sharp divide between those who have access to such policies and those who do not, which largely correlates with income level.

The United States' unique lack of work-family policies puts a singular burden on women, who, despite progress in men's participation in domestic tasks, still bear the lion's share of responsibility for unpaid work at home. Women often lack time off to care for a newborn, the ability to pay for high-quality child care, and access to the kind of predictable and family-friendly work scheduling that permits attendance at parent-teacher conferences and trips to the pediatrician. This results in a troubling number of American women pushed into lower-paying types of jobs or out of the workforce because of their family care needs. This is particularly true for low-income workers, who are the least likely to have access to work-family reconciliation policies. In the same period that U.S. income inequality has skyrocketed, women's labor force participation rates have stalled—a phenomenon that Cornell University economists Francine D. Blau and Lawrence M. Kahn have attributed in part to the United States' lack of family-friendly policies.

American workers' unequal access to work-family supports means that American women have an unequal shot at staying employed. Parents do not have anything close to an equal opportunity to do their best for their kids, and American children have a grossly unequal chance of getting the kind of attention, care, and financial stability they need. Inequality is reproduced multigenerationally.

Inequality has many causes and requires multifaceted policy responses. While analyzing these causes and articulating policy responses lead into highly contested political territory, there is one area where American voters share a great deal of common ground: their need and desire for measures that help families, and women in particular, reconcile their work and family obligations. In early 2014, a national survey by American Women, the National Partnership for Women & Families, and the Rockefeller Family Fund found that 63 percent of voters supported a national paid family and medical leave insurance plan. More recently, a January 2015 poll by Lake Research Partners for the Make It Work Campaign found that 88 percent of voters were in favor of ensuring that all workers earn paid sick days to care for themselves or family members; 75 percent supported making quality and affordable child care options available nationally.

The urgency of voter demand has translated into bipartisan talk about the need to acknowledge and support working families. This report will argue that it's time to merge that talk into the ongoing national conversation about the corrosive effects of intergenerational inequality—the "dangerous and growing" trend that President Barack Obama has labeled the "defining challenge of our time."

This report will argue that work-family policies—including paid family leave, paid sick days, access to affordable child care, laws that both permit and stabilize nontraditional work schedules, and tax policies that do not disadvantage dual-earner couples—can help create a basic floor of income stability for all American families. Therefore, they should be viewed as some of the most promising and underused policy tools for fighting inequality, both in the present and in the future.

This report will illustrate that work-family policies keep women in the workforce—a necessary condition for their families' income stability and long-term economic security. To that end, it calls for the following specific policies:

- Dramatically increased funding for early childhood development programs, high-quality child care, and universal pre-K programs
- A generous paid family and medical leave program for all American workers
- Earned paid sick days for all
- Improvements in the tax code to remove penalties on dual-income families
- Measures that promote the adoption of flexible schedules that benefit employers and employees alike, as well as measures that protect hourly workers from abusive, unpredictable scheduling practices

"Inequality does not follow a deterministic process," the economists Thomas Piketty and Emmanuel Saez wrote in 2014. "There are powerful forces pushing alternately in the direction of rising or shrinking inequality. Which one dominates depends on the institutions and policies that societies choose to adopt." Public opinion has reached a tipping point in favor of policies that allow families to work, care for one another, and thrive.

It is time for public policy to catch up.

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