ISSUE BRIEF

HELPING AMERICA'S WORKING PARENTS: WHAT CAN WE LEARN FROM EUROPE AND CANADA?*

By Janet C. Gornick and Marcia K. Meyers**

Work-family policies that are common in much of Europe, and even in Canada, are often criticized for imposing "one size fits all" government programs that restrict parental choice. The reality is that when it comes to negotiating work and family, parents in the U.S. have a much narrower range of options than parents living elsewhere. The majority of American parents lack paid family leave, access to affordable quality child care, and opportunities for rewarding and remunerative part-time employment. Other industrialized countries have created more options for working parents through more active and generous public responses to the prevalence of mothers in the paid labor force. The lack of choice in the U.S. has substantial implications for children, families and gender inequality. In the absence of supportive public programs and regulations, American parents are struggling to craft private solutions that reconcile work and family responsibilities. Addressing these issues will require significant new investments. The benefits to children, parents, and our economy, however, are likely to outweigh the costs.

Industrialized countries have adopted a variety of work-family reconciliation policies in response to changing economic, social, and demographic conditions – particularly five decades of steady growth in female employment. It is now possible to examine the variations across countries, as well as the consequences of these policies for children and their parents. In addition, we examine the ensuing lessons, if any, for public policy in the U.S.

In this study, we have compared work-family reconciliation policies in the U.S. to those in place in eleven other countries, including Canada and a diverse group of ten European countries: Belgium, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, Norway, Sweden, and the United Kingdom.
We have learned that:

1. ***The U.S. lags behind many other industrialized countries in supporting working families.*** The U.S. is the only country in the study (and one of only two industrialized countries in the world) without paid maternity leave. Unlike most northern and western European countries, the U.S. still sets a 40-hour work week, fails to guarantee a minimum number of vacation days, and has not actively worked to end wage and benefit discrimination for part-time workers. The U.S. fails to provide a quality system of early education for young children and spends far less on early childhood education and care than do other industrialized nations.

2. The patchwork of solutions now available to American families burdens children and their parents, and exacerbates gender inequality. American parents have been remarkably creative in crafting private solutions to the competing demands of employment and caregiving. But these private solutions – including reductions in mothers' working hours, nonstandard-hour schedules, and extensive use of nonparental care – have resulted in negative consequences that are often greater in the U.S. than in other countries. The youngest and most vulnerable children are exposed to child care of uneven and uncertain quality. Many families assume a heavy financial burden for early care. Parents find themselves stressed and exhausted as they juggle work and family responsibilities. Finally, these private strategies exacerbate long-standing gender inequalities in the market and the home.

3. ***The U.S. can learn from other industrialized countries.*** Americans are often resistant to drawing

* This Issue Brief is excerpted from a Research Paper by the authors, "Helping America's Working Parents: What Can We Learn from Europe and Canada?"

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social policy lessons from abroad. In recent years, that resistance has been fueled by vivid press reports of the collapse of the European social policy systems. These reports, however, are largely exaggerated. Work-family policies remain politically popular throughout northern and western Europe. They have been expanded, not dismantled, in recent years. Critics also charge that these policies are incompatible with strong economic outcomes. While productivity has increased in the U.S. in recent years, the U.S. economy under-performed during the last two decades relative to several other industrialized economies – including several with substantially more generous social protection systems. Cross-national research suggests that generous leave and child care benefits in Europe are associated with lower child poverty rates relative to the U.S., as well as less disruption in employment among mothers with young children. Outcome research, conducted largely in the U.S., suggests that investments in the health and developmental well-being of young children could ultimately save money by improving school outcomes and enhancing children's future productivity.

1. The U.S. lags behind many other industrialized countries in supporting working families.

Paid Family Leave:

- All of the European countries in this study, and Canada, provide generous paid family leave to working parents. In the Nordic countries (Denmark, Finland, Norway, and Sweden), mothers have access to about 30 to 42 weeks of full (or nearly full) wage replacement. Additionally, fathers in Nordic countries receive comparatively generous benefits bolstered by incentives for leave take-up. The U.S. is alone among these twelve countries (and one of only a handful of countries in the world) with no national policy of paid maternity leave. Although fathers, as well as mothers, have unpaid leave rights through the 1993 Family and Medical Leave Act, the absence of wage replacement creates a substantial disincentive, especially for men, to make use of their leave rights.

Working Time Regulations:

- All of the European countries in this study set normal (full-time) employment hours in the range of 35 to 39 per week. The U.S. and Canada continue to set the normal work week at 40 hours. American parents work the longest weekly hours of any in our comparison countries. American dual-earner couples with children log, on average, 80 hours per week – well more than their counterparts in most other high-employment countries.

- All of these European countries provide a minimum of twenty days (approximately four weeks) of paid vacation. And many of these countries now exceed this minimum. The U.S., alone among our comparison countries, has no nationally mandated vacation policy.

- All of our European comparison countries have legislation and/or collective bargaining agreements that prohibit employers from treating part-time workers less favorably than "comparable full-time workers." The 1997 European Union *Directive on Part-Time Work*, which required member countries to "eliminate discrimination against part-time workers and to improve the quality of part-time work," catalyzed many of these national measures. The enacted measures address, for example, pay equity, social security and occupational benefits, training and promotion opportunities, and/or bargaining rights.

- A number of countries have also enacted laws that grant parents (or all workers) the "right to work part-time," at least temporarily, without changing jobs. In Sweden, parents have long had the right to work six hours a day (at pro-rated pay) until their children turn age eight. The U.S. allows employers to pay part-time workers lower hourly wages and give them fewer benefits than their full-time counterparts. Additionally, the U.S. does not offer workers the right to shift between full- and part-time work while retaining their job.

Early Childhood Education and Care:

- The northern and western European countries in our study provide a variety of public programs for early childhood education and care. The most extensive public provisions are found in the integrated "edu-care" systems of Sweden and Denmark. One-half to three-quarters of children aged one and two – and about 80 to 90 percent of children aged three and older – are in public early education arrangements as part of these "edu-care" systems. In France and Belgium, dual systems for early child care and later preschool give sizable portions of children under age three access to public care (42 percent

and 20 percent, respectively). France and Belgium enroll virtually all children ages three and older in universal full-day preschool. In the U.S., only six percent of "under-threes," and just over one-half (53 percent) of three-, four-, and five-year olds are in publicly-subsidized care or education programs. Of those children in public care, most are five-year-olds in part-day kindergarten programs.

- The quality of child care in our comparison countries in Europe is assured through national-level quality standards and curricula. National standards set a high floor under the education and compensation of caregiving professionals. In France, for example, teachers in public preschools hold the equivalent of graduate training in early education and have higher-than-average earnings relative to all employed women. In contrast, minimally regulated private-child-care arrangements in the U.S. provide uneven and generally low-quality care. This is due in large part to the inability of parents to pay fees that would attract and retain highly qualified workers to the field. The Center for the Child Care Workforce (2004) estimates that child care workers earn an average of $8.37 per hour – about the same as parking lot attendants and less than service station or locker room attendants.

- Early childhood education and care services in these European countries are financed largely by public investments at the national, state or regional, or local level. Care for very young children and, to a lesser extent, for preschool children is partially funded through parental co-payments that cover an average of 18 percent of costs – with payments scaled to family income. In the U.S., most care is paid for directly by parents. This creates a heavy financial burden for many families, especially low-income working families. Nearly 25 percent of household income, on average, goes to paying for child care in low-income working families.

2. The patchwork of solutions now available to American families burdens children and their parents, and exacerbates gender inequality.

Children:

- Child outcomes are affected by the lack of access to high-quality early education experiences in the U.S. Studies show that as few as 11 percent of child care settings for children age three and younger meet standards for "excellent" care. In part, quality is poor because care is provided by a minimally educated and inadequately trained work force. Even in regulated settings, some 22 to 34 percent of teachers in child care centers and family child care settings do not have a high school diploma.

Parents:

- The vast majority of American parents rely on private markets for child care. As a result, they pay a substantial portion of their earnings for this care at a point in their careers when they may be least likely to have accumulated savings or to have advanced to high-wage positions. The low quality of reduced-hour and part-time work leads many U.S. parents to work long hours with little time to devote to caring for family. Those parents (overwhelmingly mothers) who do elect shorter work hours are often limited to jobs that pay less, provide no health insurance or retirement benefits, and offer less job security and fewer promotional opportunities than full-time employment.

Gender Inequality:

- Child care constraints have been shown to suppress maternal, but not paternal, employment. Part-time work remains almost entirely women's work. In the U.S., the lack of paid leave has problematic effects on women's employment outcomes, in part because women often leave their jobs entirely when their children are young and later return to different jobs. These realities have negative effects on many women's occupational options and on their wages. Such consequences persist long after their children are grown. Married mothers' earnings in the U.S. account for only one-quarter of families' total labor-market income. This figure is considerably less than the one-third contributed by married mothers in several European countries. And many American parents, overwhelmingly fathers, work exceptionally long hours, in part to compensate for their partners' partial withdrawal from paid work.

3. The U.S. can learn from other industrialized countries.

- Work-family reconciliation policies are popular in the countries in which they are adopted. While some European countries have taken steps to curtail certain areas of social welfare growth – retirement, unemployment, and disability pensions – overall social spending continued to rise throughout the 1980s and 1990s. Growth in public fiscal commitments was particularly

evident in programs that support working parents and their children. Per-child spending on cash programs for families increased by 52 percent between 1980 and the mid-1990s.

- There is no evidence that generous work-family policies lead to negative macroeconomic outcomes. Although the U.S. economy experienced increased productivity in recent years, several other industrialized countries – including countries with substantially larger social protection systems – performed better.

- The question of whether the U.S. could afford to implement a substantial package of work-family programs is political, not fiscal. We estimate that if the U.S. were to offer an extremely generous package of paid family leave and child care – combining, for instance, Swedish family leave policies with French child care provisions – the U.S. would need to spend between 1% and 1.5% of GDP, or about $100 to $150 billion per year, depending on parents' level of take-up. Can Americans afford to spend more on the well-being of parents and children? The level of spending proposed would be comparable to what some of our European counterparts now invest in these programs for families. A growing body of research suggests that some of the public expenditures would be recouped by employers and investors via the productivity gains associated with lower employee turnover, fewer work absences, and lower stress levels. Considered from the perspective of investments in children, other costs are likely to be recovered through improved child outcomes and increases in future productivity.

In Conclusion

It is time for the U.S. to move beyond the current patchwork of private solutions devised by families to cope with work-family conflicts and to consider policy lessons from Europe and even from neighboring Canada. Policies that provide family leave rights with wage replacement, set limits on working hours, strengthen the right to work part-time, and provide high quality, affordable child care hold promise for increasing parents' options in combining earning and caring. At the same time, these policies promote the well-being of children, the economic security of families, and equality between men and women in both the labor market and at home.