



# The Phyllis Schlafly Report

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## The Discrimination of Parental Leave

*Testimony by Phyllis Schlafly  
to the Subcommittee on Labor-Management Relations  
of the U.S. House Committee on Education and Labor  
March 5, 1987*

The proposed Family and Medical Leave Bill, popularly known as the Mandated Parental Leave bill, doesn't have anything to do with maternity or with the disability connected with childbirth. We already have a Pregnancy Anti-Discrimination Law. Two-thirds of U.S. companies grant maternity leave and, in most companies, maternity medical costs are included in the health and medical benefits plan.

The proposed Mandated Parental Leave bill is a proposal to force employers to skew their employees' benefit package in favor of one narrow group of workers at the expense of others. The proposed bill is highly discriminatory in favor of highly-paid, two-earner yuppie couples who, as a practical matter, would be the only ones able to benefit.

The proposed bill is highly discriminatory against every other type of employee: the men whose wives are fulltime homemakers and mothers, the single parents and all low-income workers who could not afford to take off unpaid time, women over child-bearing age, all singles, self-employed persons, women who work at home, and all temporary workers including the one who replaces the one who receives the parental leave.

The proposed bill is highly discriminatory in the burden it imposes on some types of employers. Its costly mandate would fall more heavily on businesses which employ a majority of women since, as a practical matter, more women would receive the benefits.

The proposed bill would discriminate against small businesses because the costs and loss of productivity that result from training and substituting a temporary worker are more costly when a small business has only one person in a given job category rather than a pool of workers who can be transferred.

Other costs of the bill include carrying double health and medical benefits during the period of the leave, for both the employee on leave and the temporary worker who takes her place, and the cost of the unemployment insurance for the temporary worker who will be dismissed when the employee on leave returns to work.

The 13 million new jobs in the private sector in the last five years have been created by *small* businesses. Yet many small companies are struggling at the margin to stay in business and to meet foreign competition. Any newly-mandated cost will have to come at the expense of something else.

The proposed bill is a foolish approach to the problem of job security. In today's world, competitiveness is the name of the game, and a business that is not competitive simply cannot provide jobs for anyone. The most important job benefit anyone can have is a job that pays a wage.

The advocates of the proposed Mandated Parental Leave bill try to shame us by saying that other countries in the world have mandated parental leave. That's right, many other countries have made the mistake of mandating costly benefits, and they have mandated their citizens right out of jobs. Europe has had a net loss of a million jobs in the last couple of years, and unemployment is much higher than in the United States.

The proposed Mandated Parental Leave bill would be the wrong way to go even if it didn't cost anything. The whole trend of employee benefits in the country today is toward a "cafeteria" system of benefits.

Since employee benefits add an additional 33 to 40 percent of "goodies" over and above wages, it makes a real difference to workers which benefits they get. People's lifestyles and needs differ. The cafeteria approach allows each employee to choose the benefits that best suit his or her needs. To mandate a particular benefit desired by only one small group is unfair to others.

There isn't even any evidence that the unpaid parental leave mandated in this bill is the specific benefit that every working mother would choose. Mothers of small children might prefer other benefits, such as a more inclusive health and medical plan, a pension plan, more paid vacation or holidays, a work day that is one hour shorter, a four-day work week, flexible time schedules, job sharing, or child-care facilities or vouchers.

The tremendous array of other employee benefits in the

American economy has grown up voluntarily, either from employers' decisions or collective bargaining. These include paid holidays and vacations, health and medical plans, and pension plans. There is no evidence that the job benefits available in America would be as high as they are today if government had straitjacketed business by mandating the benefits chosen by the posturing politicians.

The advocates of the Mandated Parental Leave bill complain that we have no national child care policy. On the contrary, we do. Our successful policy is to let employers and employees work out their own solutions. That's the system that works the best and fairest for all.

### What Government Should Do For Mothers

Do we believe that the Federal Government should be concerned about the financial bind that Americans are in today when it comes to the costs of having and raising children? You bet we do. We believe that Congress has an obligation, first of all, to eliminate the current discrimination that exists against some kinds of children and their mothers and in favor of other kinds of children and their mothers.

While *de facto* discrimination against various groups still exists in practice, in some areas and against some minorities, *de jure* discrimination (specified in the law) has been pretty much eliminated. When challenged, legal discrimination on the basis of race, creed, color, or sex can hardly ever stand up in court, and it's hard to find a lawmaker at the Congressional or state level who has the temerity to propose a discriminatory bill.

There is one class of Americans, however, that still is openly and massively discriminated against. This class of Americans is made up of the 16 million fulltime homemakers. The discrimination is most blatant in the income tax law. Nobody really defends the discriminatory provisions. Public officials and media spokesmen just evade the issue by not talking about it.

The income tax law discriminates against the mothers who take care of their own children, and in favor of the mothers who pay someone else to take care of their children. It's so outrageous that one wonders how the lawmakers had the nerve to pass something so unfair.

You can see it for yourself on line 41 of the 1986 income tax return Form 1040 which most people are preparing right now, and on attachment Form 2441. If you pay someone else to take care of your children under age 15, you can reduce your income taxes up to \$720 for the first child, and up to \$1,440 for two or more children. But the mother who cares for her own children? Tough for her, she is denied these tax credits.

How could this be written into federal law without a big public policy debate? One explanation might be that the two-earner couples, having an average of \$11,000 a year *more* family income to spend than the traditional breadwinner-homemaker couples, are more aggressive in demanding tax reductions and preferential treatment, while the mother who is not employed is less able to go public about her needs. Another explanation might be that the social service bureaucracy lobbied for these changes in order to create a bigger demand for more government-financed child care services.

One way to remedy this discrimination is to "universalize" the child care credit, that is, make it universally available to all children regardless of the lifestyle of their

mothers. This could be done fairly and efficiently at \$500 per child for the 19 million children under age six.

Now we can hear the argument, "but that is too costly!" Costly? There should be no price tag on discrimination. When it comes to taxes, fairness is far more important than cost.

An alternate remedy for this discrimination would be to trade off the child care credit for a \$1,000 increase in the tax exemption for all children. We could increase it from the \$2,000 figure established in the new tax reform law to \$3,000. If the cost argument is raised again, the increased exemption could be limited to children under age 15, or even under age 6.

Actually, the children's tax exemption ought to be \$5,000 if a child were to be worth as much in the income tax system today as a child was worth 35 years ago.

Another provision of the income tax law that discriminates against homemakers is the Individual Retirement Account (the IRAs). Under the new tax reform act that was passed last year, the number of people eligible to take the IRA deduction is greatly diminished, but the discrimination in IRAs is still as unjust as it has been for several years.

Check it for yourself on line 26 of Form 1040. If both husband and wife are employed, they can put a total of \$4,000 per year into IRA accounts. But if the wife is a fulltime homemaker (whom Internal Revenue falsely calls a "non-working spouse"), the couple can put a total of only \$2,250 into IRA accounts, which is a discrimination of \$1,750 per year plus all the income that produces for the rest of their lives.

Like any employed man or woman, the fulltime homemaker will grow old and need funds in her senior years. Why is the homemaker denied her equal opportunity to save tax-free funds for retirement in IRAs?

Mandated Parental Leave, the current trendy issue promoted by the feminists, is a plan to give one more preferential benefit to the employed mother which, as a practical matter, cannot be used by the fulltime mother.

Mandated Parental Leave is another discriminatory benefit that would force the traditional family, which provides its own child care on a lower average income, to subsidize the two-earner couples who have a higher average income. Mandated Parental Leave should be rejected first of all because it is a new discrimination against a class of mothers already savagely discriminated against.

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## Some Unanswered Questions

by Judith Finn

Mandated Parental Leave may be attractive to those who want mothers to spend as much time as possible with their infant children; they may say four months is better than nothing, or better than six weeks' sick leave. On the other hand, four months is only a small fraction of the time which we would like to see mothers devote to the nurturing of their young children.

This bill would not help women who intend to stay home and take care of their own children. It would not help the

babies, appreciably, if at four months they enter day care. This new benefit would be used primarily by career women who want to assuage their consciences and make believe they raised a child in those four months.

The bill may encourage some mothers who would otherwise stay home one to three years with their child to return to work in four months. There are many women who intend to go back to work but who do not, once they realize the pull that their babies have upon them. If the four-month option is preset, they may go back to work as planned, not really wanting to do so. If, after taking the four-month leave, they change their minds, they will have imposed a large and unnecessary cost on their employers.

The cost of the bill includes benefits paid to persons on leave, and also the disruption caused by the need to "hold" a job for four months. Furthermore, most mothers who take medical leave to have a baby will say they want to return to work after four months. This is costless to them and it does two things for them: it keeps the benefits intact during the four month leave period, and it gives them the option to return to their old job if they wish.

As a result, even though many mothers will not return to work after the four-month period, their employers will have to bear the disruption of keeping the job open for them. The result is that the employers bear the substantial cost not only for the women who come back after four months but also for most of those who don't!

The bill also gives business a reason to discriminate against women of child-bearing age, when you make it so much more expensive to hire them. The fact that men could take the leave instead of women makes little difference because men are 10 times less likely to take it than the women.

More generally, this bill is part of a recent trend to achieve social objectives by requiring employers to provide additional benefits to workers. One problem with this approach is that it raises the cost of labor. This not only makes us less competitive with foreign competition, but will also lead to less total employment. This bill is an attempt to disguise the real costs of such a program by imposing the costs of social objectives upon business through regulation. If such a regulation were passed, the demands for *paid* maternity leave would begin. The current bill establishes a commission to study paid maternity leave! It would also have a greater negative impact on small and on efficiently run businesses.

A similar law is said to exist in three or four states already. Before passing a federal law, we need to study the state experience. Is it being used by the women who it is said "have to work," e.g., heads of households? or just by the yuppies? Is there any evidence that it has caused an increase in the employment of mothers with young children in those states? What has been the actual cost to businesses?

The idea of a study might be thought to be just a stalling technique. However, note what happened to the idea of the "guaranteed minimum income" as a welfare reform approach. It was tried on an experimental basis in Gary, Indiana, and in New Jersey. Even though the research was done by liberals (University of Wisconsin and Mathematica Inc.), it was solid research which showed there were unintended negative consequences (e.g., more divorce, less work by participants). The result was that the idea never became law. A similar

outcome might happen here if we ask the questions and insist on good research.

## Who Will Pay for Parental Leave?

by Dr. Allan C. Carlson

Is "parental leave" the way to go? When one actually looks at the differential or discriminatory impact of the currently favored plan, the answer is no. As in all state-mandated benefits, there would be winners and losers, and the losers under the parental leave plan would be fairly numerous.

Who would bear the negative costs for this attempt at social reconstruction? There appear to be four groups:

**Small businesses.** Large companies with employees numbering in the thousands find it relatively easy to cover a four-month vacancy caused by a parental leave through the use of similarly trained personnel. Small companies have much less flexibility and would commonly face great problems of filling a skilled vacancy with short-term help. The real, if somewhat invisible, costs of providing leave would also have to come out of some other pocket, possibly through a reduction in other benefits or in a greater reluctance, at the margins, to hire new employees.

**Lower income families.** An unpaid leave of absence is tailored primarily to the needs of highly paid, professional women who can afford more easily a period of time without income. The working poor and families at the lower end of the income scale have less "choice" here and receive a "benefit" that they cannot afford, while probably losing other benefits that employers might have offered.

**Traditional families.** Behind all the hype about the massive flow of mothers into the labor force lurks one little-noticed fact: nearly half of mothers with children age three and younger are *not* in the labor force. About the same proportion do not return to work after their first child's birth; they become a clear majority of mothers after the second and third births. Often at considerable personal and professional sacrifice, these women continue to perform the socially valuable task of nurturing small children on a full-time basis. The "opportunity cost" (foregone income) of this choice is, on average, nearly \$16,000 a year. It is unclear why this financial sacrifice for family-supportive ends should receive no recognition from the government, while working mothers demand benefits for which others (small businesses, the poor, the traditional) will directly or indirectly pay. One possible response is that leaves should be transformed into a government maternity grant, paid to all mothers, whether working or not. While plausible, the answer simply reveals how partial measures, in face of the equity problem, quickly descend down the welfare state's slippery slope.

**Children.** Common sense tells us that an ideological vision, however fine in theory, cannot turn women into fathers or men into mothers. Social research, fortunately, confirms the same point and suggests that efforts to create the envisioned "new human type" are futile and can only damage the children. A team of research psychologists headed by Michael Lamb set out in 1980 to determine whether "nontraditional" Swedish fathers, who, under various state pressures, had taken

parental leave to care full time for their infant children, were as effective as stay-at-home mothers and more effective than "traditional" fathers who worked. Measuring qualitative actions such as discipline, play, and affection, the team hypothesized that a reversal in sex roles and the assumption of "the primary caretaker role" by the father would result in an effectively nurturing, unisex parent.

To their surprise, though, they found that mothers — whether working or at home — proved more likely to hold, tend, vocalize to, smile at, and display affection toward their infants than did fathers, whether traditional or "caretaking." Moreover, they discovered that while traditional mothers engaged in more effective play with infants than working mothers, the opposite effect occurred among men: traditional "working" fathers engaged in better play with their infants than "nontraditional" fathers. In other words, men did not change even after being the full-time caretaking parent; in some ways, in fact, they became less effective.

In sum, women remained better mothers; men remained better fathers; and social engineering had failed. The researchers reluctantly concluded that biological gender was apparently "a more important influence on parental behavior than caretaking role or sex role." They did, though, hold out hope that truly "radical changes in gender-related prescriptions and expectations" might still make a difference. In the interim, though, it was clear that infants made by the social engineers to suffer the full-time caretaking of their fathers were paying the price of stunted psychological and emotional development.

### Real Choices

What, then, is the alternative to parental leave? Back to the old model where Dad worked and Mom stayed at home? While that system had more logic to it than is usually granted, it does not represent a viable policy option for 1987.

Rather, we should cease trying to repair a symptom of a problem and focus instead on the problem itself: the collapse of the historic family-wage economy in the United States and our failure to acknowledge or correct the situation. By 1976, only 40 percent of American jobs paid enough to support a family of five in minimal comfort, not so long ago the standard measure of a fair wage. Today the figure is closer to 25 percent. Particularly on the lower and low-middle sectors of the income scale, there is truth to the cry of women and men that two incomes are needed just to get along. We know, for example, that perceived "income inadequacy" is tied heavily to employment in the "service sector," where the large majority of new female workers is concentrated. The inflationary economy of the 1969-1983 period also masked a general stagnation of real household income, where a family's standard-of-living could be maintained only by sending a second (or third) earner into the workforce and/or by reducing household size through the avoidance of children.

Finally, as George Gilder has recently pointed out, it is a great mistake to view "working women" as a uniform mass of full-time laborers. In 1984, only 37 percent of all women ages 20 to 64 held full-time, year-round jobs (including teaching). The large majority were either homemakers or holding seasonal or part-time work. Even managerial, professional, and executive women — by a 51 to 19 percent margin — still prefer seasonal or part-time to full-time work, if they can find

it. A parental leave policy constructed to help meet an ideological vision of dubious, if not absurd, dimensions and catering primarily to the needs of the richest segment of the target population does almost nothing to accommodate this great complexity.

The family-wage problem and the real diversity of family working arrangements can both be addressed, though, through a "supply-side" family policy, allowing parents to keep more of their earned income through tax deductions and credits keyed to birth, age, and number of children. The components of such a plan could include: (1) raising the personal exemption, for children only, to \$4,000 per child; (2) granting an indexed, \$500 child-care tax credit to every family for each dependent preschool child, up to a maximum of \$1,000 (at present, the credit is available only to parents who hire someone else to care for their children); (3) grant an indexed, refundable \$500 income-tax credit for each dependent child, up to the taxpayer's and employer's FICA or payroll tax; and (4) grant an additional, refundable \$500 credit in the year of a child's birth or adoption, with the same ceiling.

This approach recognizes the contribution to society that women and men make through the birth of a child and allows parents to retain more of their earned income when they need it the most. It gives meaningful social recognition to motherhood without discriminating against either working mothers or those engaged in full-time child care. It provides real financial relief to families, without making them dependent on the state or increasing the size of government (indeed, these measures would work to reduce the size of government). It restores a form of a family wage that is far more efficient than the pre-1965 model and that does not rest on institutionalized discrimination. It accommodates all forms of family and work arrangements and discriminates against none. The sole value judgment behind this plan is that children have social value, which merits recognition.

Parental leave should be left as a voluntary option for firms seeking to attract those employees who choose to model their lives on that arrangement. Yet that life choice should not be forced by law on all Americans. As a universal prescription, its origins are blatantly ideological. Its deeper intent is to help impose a new and twisted model of human nature through the coercive magic of social engineering. Accordingly, it is inappropriate to a free society.

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