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To Reduce Inequality, Start With Families

By JUDITH WARNER - April 20, 2014 – The New York Times

The French economist Thomas Piketty swept across the United States last week with a dire warning: Income inequality isn't going to go away, and it probably will get worse. Only policies that directly address the problem — in particular, progressive taxation — can help us change course.

At a panel discussion in Washington of Piketty's new blockbuster, "Capital in the Twenty-First Century," the American economist Robert Solow, who served on President Kennedy's Council of Economic Advisers, took the long view as he formulated his response to the idea of trying to democratize ownership of capital in our country.

"Good luck with that," he said.

The pessimism expressed by Solow, an 89-year-old Nobel laureate who is a professor emeritus at the Massachusetts Institute of Technology, is well-founded.

Since President Obama declared in his State of the Union address that fighting inequality was the "defining project of our generation," Democrats and Republicans alike have seized upon the theme to connect with voters. Their dueling campaigns have, predictably enough, devolved into an extension of the futile partisan deadlock that characterizes our stillborn political debates on almost every issue.

And yet a relatively straightforward and simple way out of our current dead end has been hiding in plain sight. President Obama alluded to it in the State of the Union when he issued the call "to do away with workplace policies that belong in a 'Mad Men' episode," and to update our laws so that a woman can "have a baby without sacrificing her job" and to allow people "to care for a sick child or sick parent without running into hardship." It floated to the surface again at the Piketty panel, when Betsey Stevenson, a University of Michigan economist now serving on the White House Council of Economic Advisers, noted the "asymmetry" of early life experiences that increase inequality among American children, which plays out, in adulthood, as a gap in income-earning potential. "We know that investing more in young children will cause them to be more productive," she said. Later, she pointed out that "high-income people are able to make investments in their children that lower-income people aren't able to make."

However it's worded, the message is clear: If we want to strike at the roots of inequality in America, we've got to start at its source, in the family, at the very beginning of children's lives. We have to make it possible for mothers — two-thirds of whom are now breadwinners or co-breadwinners for their families — to stay in the work force without the sort of family-related job interruptions that can greatly

limit their lifetime earnings and even push some families into bankruptcy. We need to make it possible for all parents to give their kids the kind of head start that is increasingly becoming an exclusive birthright of the well-off.

Unlike progressive taxation, this sort of focus on the family really ought to have bipartisan support. And the good news is that there are decades' worth of shovel-ready legislative and policy proposals that we can draw on: proposals regarding family leave, paid sick days, early childhood education, child care and workplace flexibility that have been stymied for decades.

In Europe, it's well-established that legislation aimed at keeping women in the work force, and, by extension, helping all families live and thrive amid the present-day realities of working parenthood, is one of the most powerful tools governments can use to fight the long-term, multigenerational ill-effects of income inequality.

In the United States, where virtually no such public policy exists, there's evidence that families that do have access to paid leave and flexibility through their employers are faring considerably better than those that don't. In December, a longitudinal survey of more than 100 working- and middle-class families published by the Institute on Assets and Social Policy at Brandeis University found that the rewards of allowing families to build wealth over time went "far beyond the paycheck." Most important, beyond basic benefits, were stable employment and workplace flexibility. (That is to say: flexibility that allows workers some choice in where, when and how much to work — not "flexibility" that allows employers to play havoc with their workers' hours and schedules.)

The data we have available from California, one of the three states in America, along with New Jersey and Rhode Island, that have fully implemented paid family leave policies, show real income-stabilizing effects for families. Eileen Appelbaum, senior economist at the Center for Economic and Policy Research in Washington, and Ruth Milkman, a professor of sociology at the City University of New York Graduate Center, have found that access to paid leave has kept families out of bankruptcy, and kept low-wage workers in their jobs. Other research has shown that paid leave has kept women, in particular, in the work force and off public assistance and has bolstered mothers' long-term earning potential.

Yet the policies that allow mothers and fathers to maintain consistent work and to work in a flexible way that permits some responsiveness to the needs of their families remain a privilege, perks that are granted at the will of employers to their most valued employees, and are out of reach for the workers who need them most. An analysis of the Bureau of Labor Statistics' American Time Use Survey by the economist Heather Boushey found that while more than 90 percent of high-wage employees report that their employers allow them to earn paid time off or to change their schedule if they have an urgent family issue, less than half of private-sector workers in the bottom 25 percent of earners can change their schedules under such circumstances. And things are hardly better for the middle class; only about half of middle-income workers, Boushey found, have the right to those sorts of schedule changes.

Among high-wage workers, according to an analysis by my colleague Sarah Jane Glynn, 66.2 percent have access to paid parental leave, compared with 10.8 percent of those who earn the lowest wages. And while 78.5 percent of the highest-paid workers have access to earned sick time, only 15.2 percent of the lowest-paid workers have the right to take paid days off if they or a family member get sick.

What this all means is that the people who are already in the most precarious economic circumstances are the most at risk for a devastating loss of income — and assets — when they need to care for their children. And those already in the strongest earning position see their earning potential grow, thanks to private-sector policies specifically devised to motivate and retain them.

Inequality among families isn't just about financial means, however. It's also about the care parents can provide, the food they can prepare, and the amount and the nature of the time they can spend with their children. But today, the ability of parents to make the most basic time investments in their children — taking time for parent-teacher conferences or setting a schedule that permits a parent to sometimes be home in the after-school hours — is sharply divided by income level.

The lack of availability of parental time has serious detrimental effects on children's behavior, ability to learn and emotional development — all of which affect performance in school and, eventually, the workplace. In California, however, access to paid family leave has allowed workers to better care for their newborns and also to make better child care arrangements. And both men and women in the state who used paid leave reported a positive effect on their ability to care for their children. Such lessons about human resource cultivation have not been lost on China, which now includes as part of its economic growth policies a provision that women employed in public enterprises get 98 days of paid maternity leave.

The idea that investing in children is good economic policy has been for some time a rare area in which Democrats and at least some Republicans have been able to find agreement. This understanding has led to the growth of the one form of family policy that's been gaining solid ground over the past two decades: universal pre-K, an expensive, once highly controversial measure that now enjoys solid success in a number of red states, as well as the support of the United States Chamber of Commerce.

In addition, polls now show that Americans across the political spectrum want their government to get involved in making life work better for working families: More than two-thirds agree that the government or businesses should be doing more to help fund child care for working parents; three-fourths believe that employers should give workers more flexibility in their schedules and work locations; and three-quarters support a policy guaranteeing employees a minimum number of paid sick days.

The one piece of national legislation now on the books — the Family and Medical Leave Act of 1993, which grants some workers up to 12 weeks of unpaid, job-protected leave — was passed with bipartisan support that included nearly two dozen conservative Republicans (and, for that matter, support from the United States Conference of Catholic Bishops). Is it too Pollyannaish to hope that, in this pre-election season, a bipartisan "Gang of Six" (or 16, or 66) could band together to pledge to fight inequality by creating a more equal start for kids? Could they agree that helping families work and care for one another is precisely what we need to create opportunity for all?

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