

How childcare subsidies can reduce the gap between mothers' and fathers' career paths—for this generation and the next

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Credit: AI-generated image ([disclaimer](#))

More than 80% of women in England and Wales will become mothers at some point during their working lives, [according to OECD figures](#). Most of these women will have two children around two or three years apart, [spending at least 20 years of their adult lives](#) with a child under 18 and

creating significant childcare needs for some of this time.

The current [price of childcare](#) is high, averaging £149 per week in Great Britain for 25 hours of care for a child under two years old. This represents about 60% of the minimum wage earnings of someone working [part-time](#) (around 25 hours per week), and 25% of the median full-time earnings for a woman in Great Britain.

Availability is also a problem. Only 57% of [local authorities report having enough childcare places](#) for children under the age of two.

Career breaks during motherhood [are a major driver](#) of the increase in the gender pay gap over the child-bearing years. Mothers' earnings ten and even 20 years after the birth of a first child are about 20% lower than a similar childless woman. Fathers' earnings over the same life stages do not show any evidence of these "child penalties".

Having children creates a double hurdle when a mother is deciding whether and how much to work. First, [childcare](#) fees substantially reduce take-home pay. But also, time is valued differently. When not at work, it changes from [leisure time](#) to time spent with your child (and a little leisure too, of course).

Both hurdles reduce the attractiveness of work. But while the latter reflects a combination of individual preferences and [social norms](#), the former—childcare costs—can be overcome with the right policies. If these policies do not alleviate childcare costs and give parents (affordable) ways to work, mothers will lose out in the long term—but so will the wider economy.

On an individual level, wage growth is affected by the decision to work part time or not at all because only full-time employment [typically leads to wage progression](#). The relative penalties of choosing a part-time job

or no work are [particularly marked for graduates](#).

Lower wages will also have a negative impact on both women's independence and on their productivity, feeding into the economy. Low wages and hours worked by mothers, combined with parents' separation are [an important source of child poverty](#). In less educated families, women's employment is the most effective measure against the incidence of child poverty.

Creating better childcare subsidies

[Research shows](#) that childcare subsidies are the most effective policy for raising mothers' labor supply, particularly among low-skill households. Unsurprisingly, subsidies conditional on work are a more effective incentive to get people to seek or remain in employment than unconditional child credits, which can reduce the attractiveness of work.

Research also shows that childcare subsidies can be partly self-financing over the long term. If mothers work more now and then enjoy more wage growth over time, they are more likely to continue to work and earn more in the future. This means they will pay more income tax, which [could offset](#) some of the initial government spending on childcare subsidies.

But designing childcare subsidies should not just be about cost and the average price per hour of care for young children. Research on [what other countries do](#) shows there are [four dimensions](#) that typically affect families' choices:

- the amount of time during the day that childcare is available—if not enough, this can lead to mothers choosing part-time jobs
- how fees vary with income—making childcare fees more expensive for better-off families may be a good tool to

redistribute opportunities, while low-income households may be more responsive to and benefit more from low childcare prices

- whether childcare subsidies are conditional on work—this could boost labor supply
- quality provision—this will encourage parents to delegate some childcare to providers.

Social norms about childcare and work

One factor that tends to limit the power of such policies is the strength of prevailing social norms. Public opinion (and academic literature) on the role of mothers, fathers and childcare providers in the well-being and development of young children has evolved over past decades. It is now [much more socially acceptable](#) for mothers to work and fathers to be more involved in childcare.

Such thinking also affects government choices when it comes to developing policies to support families. Individual perceptions on the role of mothers as the primary caregiver [have been found to drive](#) both mothers' labor force participation and their decision to have children in cross-country comparisons. These social preferences will also drive political support for childcare policies and hence policymakers' choices.

In the medium term, childcare subsidies can reduce the gap between mothers' and fathers' career paths, and increase mothers' economic value in the working world. But beyond this, higher rates of employment among mothers in this generation [will also influence](#) the next generation's perceptions about the compatibility of career and motherhood.

By helping to shape future social norms, childcare subsidies could offer more choices to [mothers](#)—not only today, but even more so for the next generation of women.

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