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The Economics of Work and Family

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The Economics of Work and Family

Less intensive programs, while perhaps better attended, risk being largely ineffective, however. For those who might see greater on-the-job training for low-skilled workers as a solution to this dilemma, Amanda Ahlstand et al. offer some sobering evidence from the ASTD Benchmarking Survey. The results from this survey of 2,500 employers show that the least educated are the least likely to receive employer-provided training, which, as the authors point out, further contributes to income gaps.

Many of the authors advocate the extension of subsidies—including the earned income tax credit and child and transportation subsidies—to support employment among low-wage workers. The oft-cited rationale for such subsidies is to “make work pay.” In order to work, individuals incur costs, such as transportation and child care costs, and the wages they earn are often insufficient to cover these added costs or to provide much incentive to those on welfare to find employment and get off public assistance. Ideally, individuals, given appropriate incentives, will find and retain jobs, gain skills, and advance in their careers, so that the need for providing such subsidies to any individual will be temporary. A more pessimistic view holds that, for various reasons, the need for subsidies to many of these individuals is more permanent.

The view that “supply side” policies focusing on skill development and putting people to work are inadequate to deal with poverty and that policies to address fundamental labor market problems on the “demand side” are needed is expressed by several authors. For instance, two articles, one by Vicky Lovell and Heidi Hartmann, the other by Harry Holzer, point to discrimination as a serious impediment to labor market advancement among women and minorities and call for better enforcement of EEO laws. Sonia Pérez and Cecilia Muñoz call for reform of the nation’s immigration laws, which, they argue, allow employers to disregard labor standards for illegal immigrants. Norton Grubb maintains that even with supply-side policies designed to improve workers’ education and skills, many of the same workers will still be found at the bottom of the occupational hierarchy earning relatively low wages. Implicit is the argument that wage levels are driven by the occupational structure of jobs, that the occupational structure either does not adjust or adjusts slowly to changes in worker skills, and that existing wage structures will keep many in or near poverty. Grubb advocates full-employment macroeconomic policies, antidiscrimina-

tion policies, and, as in the chapter by John Foster-Bey and Beata Bednarz, state-level economic development policies designed to attract higher-paying industries.

Historically, possibly the most common collective response to a perceived problem of low wage levels has been to raise them directly—either through union action or through minimum wage laws and other labor standards. It is somewhat ironic and no doubt a sign of the political times that very little mention is made of unions or minimum wages in a volume devoted to policies for low-wage workers. The exceptions are articles by Vicky Lovell and Heidi Hartman, Brian Turner, and, most notably, Paul Osterman. The intellectual argument against raising wages directly through unions or minimum wage laws is that, in competitive labor markets, such increases will result in significant unemployment among low-wage workers. Certainly, this is a valid concern in many instances. The counterargument, briefly sketched in Osterman’s article, is that labor markets are imperfectly competitive, there is considerable latitude in the setting of relative wages within organizations, wage outcomes are heavily influenced by norms, and minimum wages and union bargaining can influence the equilibrium wage structure through their influence on wage norms. The most compelling reason for more serious debate on labor law and unions, labor standards, and other demand side policies is the observation made by many of the book’s authors that while supply side policies focusing on employment and training help some workers, they leave too many behind.

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The Economics of Work and Family. Edited by Jean Kimmel and Emily P. Hoffman. Kalamazoo, Mich.: W.E. Upjohn Institute for Employment Research, 2002. 191 pp. ISBN 0-88099-246-8, \$35.00 (cloth); 0-88099-245-X, \$15.00 (paper).

Child care policy, family leave policy, and other work/family issues have become increasingly important as mothers’ labor force participation has increased. The labor force participation of married women with children under one year old doubled between 1975 and 1998 (Su-

san Averett, Chapter 4), and the employment of single mothers surged between 1996 and 1999 (Cordelia Reimers, Chapter 3). This book brings together six lectures on work and family that address a diverse set of topics. The lectures are presented in interesting, well-written chapters that are accessible to a broad audience and would serve as useful companion reading in a course on the economics of gender. Each chapter might best be treated as an independent piece, however, as the six contributions are not clearly linked.

Three chapters focus directly on family policies—two on child care policy, one on family leave policy and the Family and Medical Leave Act. These chapters present clear, thorough overviews of existing programs, and then discuss program weaknesses and suggest changes to make the programs better able to serve families. The other chapters examine patterns of work and family, including fertility, parents' time allocation, and the relationship between family structure and labor market outcomes. Reviews of the literature, and presentation of findings from earlier studies, are a substantial component of these chapters, with new analyses presented to varying degrees.

Fertility is an obvious place to start when considering work and family, and Susan Averett's chapter examines how fertility is influenced by public policy, as well as the relationship between women's fertility and labor force activity. Her concise yet thorough review of the literature and her brief, non-technical discussion of the economics of fertility provide readers with an understanding of the mechanisms through which tax policy, welfare policy, and maternity leave policy affect fertility in the United States. For example, personal exemptions in the U.S. tax code and employer-provided maternity leave have been found to increase fertility. She also points out gaps in the literature, such as the lack of research into the potential effects on fertility of the Earned Income Tax Credit.

High-quality child care is an important theme in the two chapters on U.S. child care policy. Both chapters advocate a greater focus on child care quality and recommend steps to take toward that end. David Blau suggests that the lack of focus on child care quality reflects the emphasis of child care programs and subsidies on facilitating employment rather than improving child development. One innovative aspect of his child care reform proposal is a call for means-tested child care vouchers, with the value of the voucher tied to the quality of child care provided where the voucher is redeemed,

thereby giving parents an incentive to seek high-quality arrangements and providers an incentive to furnish high-quality services. To establish and make available to the public the quality of providers' services, he proposes that an organization such as the National Association for the Education of Young Children be subsidized by the government to provide accreditation services to child care providers at no or little cost.

Barbara Bergmann proposes a definition of "affordable" child care that is tied to the U.S. poverty line. Her explanation of this affordability measure helps the reader understand the extent to which families in the United States have difficulty affording child care, not to mention high-quality child care. She wraps up her chapter with a description of three possible child care plans, all of which would increase access to child care and two of which would provide incentives for providers to achieve higher-quality care.

Both Blau and Bergmann say that their proposed child care plans would require additional government funds. Their estimates of these funding needs can serve as useful benchmarks for readers interested in comparing alternative plans.

The chapter by Katherin Ross Phillips examines another issue facing families: family leave policies. She clearly outlines the federal Family and Medical Leave Act, as well as state and private establishment policies, and points out shortcomings of these programs, particularly for lower-income workers. She shows that low-income workers are less likely than higher-income workers to be covered by family leave policies, less likely to be eligible for family leave, and less likely to receive compensation when taking family leave. Her presentation of these facts leads into a thoughtful discussion of policy options aimed at reducing the gap in access to family leave.

Mothers' labor force participation can add stress to family life. Cordelia Reimers reviews time use diary evidence and concludes that the entry of mothers into the work force has placed many mothers in a "time crunch." Reimers discusses several options for employers and policy-makers to help families balance work and family, such as more flexible work environments (for example, "flextime" and arrangements that allow employees to work from home) and more affordable higher-quality child care. These policy recommendations, however, are discussed in the author's concluding remarks, and are not based on analyses of how such policies have been shown to affect the well-being of families or employers' costs.

This book also presents evidence that women's marriage and fertility decisions are related to their employment and earnings, as are men's. Susan Averett's analysis shows that the presence of children is associated with lower earnings for women but higher earnings for men, which is consistent with findings presented by Joyce Jacobsen. Jacobsen also finds that marriage is associated with higher hourly earnings for both women and men. While there is a clear relationship between family structure and labor market outcomes, she cites problems that make it very difficult to isolate causal effects, and says she is unconvinced that there are strong causal relationships that require government intervention. She points out that many work/family policy initiatives are aimed at reducing negative outcomes associated with raising children, particularly in families with unmarried mothers, and rightly suggests that these families can be helped with policies that focus on, for example, increasing parents' human capital, rather than on family structure.

The Economics of Work and Family packs a great deal of information on work and family issues, and is also very readable. Its potential audience is broad and includes undergraduates studying work-family dynamics, scholars in the field, and policy-makers at the state and federal level.

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Forging a Common Bond: Labor and Environmental Activism During the BASF Lockout. By Timothy Minchin. University Press of Florida, 2002. 256 pp. ISBN 0-8130-2580-X, \$55.00 (cloth).

Timothy Minchin's *Forging a Common Bond* is the most detailed study to date of the struggle of OCAW (Oil, Chemical, and Atomic Workers) Local 4-620 against the German-based, worldwide industrial giant, BASF chemical company. The battle between BASF and Local 4-620, which had fewer than 400 members at the time, began in June 1984 with a lockout by the company, whose clear intent was to break the union. It ended in December 1989 with a victory for the union.

Local 4-620 was largely based in one plant in Geismar, Louisiana, in a corridor between Ba-

ton Rouge and New Orleans containing a high concentration of chemical plants—as well as some of the worst industrial pollution and waste in the United States. Working in a capital-intensive, high-wage industry, BASF workers were initially hostile to environmental groups, considering their own workplace exposure to toxic chemicals a necessary and acceptable trade-off for stable, relatively high-paying jobs. The overwhelming majority of the workers were white men (mostly native-born Roman Catholic Cajuns) who did not live in the area and had few, if any, ties to the people of Geismar or Ascension Parish, in which the plant was located. The populations of both Geismar and Ascension were poor, with a high percentage of African-Americans.

Minchin carefully documents not only the history of labor-management relations at the plant, but also the building of an improbable series of alliances among the local and environmental groups concerned about industrial waste and illnesses—female family members, anti-apartheid activists and Jesse Jackson (BASF allegedly illegally supplied computer equipment to the South African police; see pp. 88–90), the Louisiana Roman Catholic Church, some elected officials, Oprah Winfrey, the German Green Party, and assorted other groups and individuals. With this broad base of support, the local, strongly supported by the national OCAW, engaged in a variety of tactics that won over public opinion, environmentalists, and many elected officials, eventually inducing even other chemical companies to distance themselves from BASF and call for the company to settle the dispute.

A necessary prerequisite, to be sure, on the part of the union was the militancy and solidarity of the members throughout the lockout. In the end, however, the union and its most active members were transformed into environmental activists and critics of the company's racially discriminatory hiring and promotion policies, a stance they did not have prior to the struggle. Along with experts from the international union, they began a careful documentation of the company's policies of toxic waste emissions (often illegal) and their effects on the environment and the people of the state, effects that included increased rates of cancer, of other diseases, and of miscarriage. They formed alliances with and helped support local, largely African-American environmental groups, and also worked effectively with more traditional environmental groups. They placed a series of innovative and provocative billboards targeting BASF along highways, including "Bhopal on the