BY KARTIK ATHREYA

Investing in Women's Careers

In the early 2000s, only about 5 percent of all NBA players were from Europe. As of 2017, that number had risen to almost 14 percent. During this same period, the league's revenue grew from $2.5 billion to $7.4 billion, peaking in 2019 at $8.8 billion. Since that time, the NBA has invested in global talent on behalf of its teams, and it recently opened academies in Australia, India, Senegal, and Mexico. As a result, young athletes worldwide are choosing to play basketball and invest in their skills more often. The investment is paying off: The last five NBA MVP awards have gone to players from overseas. The league grew and everyone — most of all those with the talent to play at the highest level — won.

I've been reflecting on this success story ever since I attended a recent meeting of the Richmond Fed's Community Investment Council. Members there — community leaders who understand the challenges and opportunities for local economic growth — discussed the difficulties, not of would-be basketballers, but of a much larger group: women who face the balancing act of managing a successful professional life with the societal expectations that come with being a mother.

I now think the NBA's success offers insight into what our community leaders rightly worry about: a loss of talent and skills, with women bearing the brunt, for the want of a reliable and affordable child care ecosystem. Seeing the NBA has made me ask: Can we make some specific investments in child care and work that would allow employers and women workers, and the rest of us, to all win?

To be sure, women's labor force participation has increased a lot over the years alongside decreases in the gender wage gap and increases in women's education levels and work experience, which are both causes *and* effects. Claudia Goldin, an economist at Harvard University who has spent her career examining female labor force participation, argues that while women have gained access to *jobs* over time, they still struggle to have actual careers. Careers require sustained engagement with the world of paid work, and continued investment. So interrupting a career trajectory to have children makes such investments that much harder. Goldin finds that even very highly educated women are much less likely to be in full careers, as the percentage of women with advanced degrees who work and have kids is only around 30 percent.

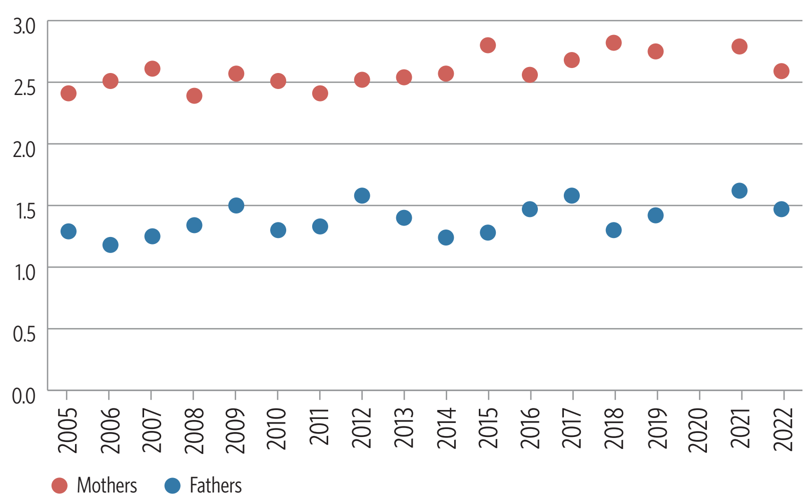
The trade-offs families make between child care and work are a key part of this story. Data from the Bureau of Labor Statistics show that while women with children work less, on average, men with children actually work *more*, a finding supported by new research in a recent Richmond Fed working paper. Surveys also indicate that mothers spend more time than fathers caring for young children. (See chart.) All of this suggests that both parents "care" for their children: women by spending more time on child care and men by working longer hours to support additional family members.

So why might there be something better for everyone than the status quo? One reason is that some markets can operate at a high, or low, level of activity, simply because people *expect* them to. Take the adoption of credit cards: If a bank issues a card, people want it only if they think merchants will accept it, but merchants will accept it only if they think people will use it. Chicken: Meet egg.

The child care and work ecosystem, in my view, has this flavor. On one hand, if few workers use market child care, no one bothers with the fixed costs of setting it up at scale. On the other hand, if enough workers don't ask for jobs flexible enough to balance career and caregiving, employers won't set up or provide child care. Yet if very few employers

Hours Per Day Spent on Child Care

Averages among parents whose youngest child was under 6



SOURCE: American Time Use Survey
NOTE: 2020 data not available from source.

offer child care, it only gets harder for potential employees to ask for it. We're then stuck with the status quo doom loop, where many — mostly women, if caregiving data are taken on board — face a silent "tax" on building skills for a career, while employers lose out on workers who may actually be the most productive and the best match, especially in the time- and engagement-intensive fields. For example, Claudia Goldin estimates that the female-to-male gender earnings ratio ranges from 0.9 among college graduates working full time in health-related occupations, to as low as 0.75 among MDs and JDs. When this happens, society loses out, too.

But I think there might be a way out of this loop to a world where child care and more flexible work arrangements are ubiquitous so people, especially women, can opt for *careers* over *jobs* — a world that rewards both businesses' investment in their employees with children *and* employees' career choices. The business community — coordinated by chambers of commerce — will ideally seek to support policies that benefit *all* employers. Here this means, first, that businesses can boost the supply of child care and flexible work by using the lessons learned from the pandemic and technology and ensuring the regulatory landscape (think licensing and monitoring of care sites) is not proving to be a hidden tax on employers, employees, and society generally. Second, businesses as a whole hold a key lever: They can boost demand for child care and flexible work by subsidizing that care or maybe even directly supporting or providing it. The takeaway: Business leaders can help business overall — and all of us — when they help make access to more career pathways less time-intensive.

Admittedly, this will be hard, because unlike the NBA, where there are only 30 owners who can coordinate on league-level practices and talent strategy, the Census Bureau reports that there are over 8 million businesses in the United States, and just under 200,000 of them have over 100 employees! In other words, there is no "U.S. Labor Market Talent Academy." And there really *can't* be.

All of this is macroeconomic in scale. Over 11 percent of the labor force has kids under the age of 5. Almost a quarter has kids under the age of 13. Total spending on formal child care in 2021 was around $121.7 billion (0.5 percent of GDP). That adds up to quite a lot in an economy like ours. And because of this, our child care and work policies need to also be seen as macroeconomic policies. When that happens, we'll get a little bit further down the path to a place where everyone wins. **EF**

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