Parental Leave:
The price of family values?

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Summary

Politicians like to talk about family values. But British governments have done little to help their citizens achieve a better balance between work and family life. Britain is unusual in lacking any legislative framework for parental leave and the current government is the only one in the European Union to have rejected the EU legislation which provides for a minimum of three months unpaid leave for each worker – on the grounds that the costs to business would be punitive.

But it would be wrong to expect that Britain’s lack of any parental leave policy will continue for long. Three powerful forces are set to push this relatively marginal issue much higher up the political and policy agenda:

- The first is mounting pressure from the people who would be the direct beneficiaries of more generous patterns of leave – working mothers and fathers. The fact that most couples are now dual earners has transformed the situation. The old assumption that women will be full-time mothers is no longer tenable. And while women don’t want to sacrifice their job when they become mothers, men too are looking for a greater involvement in looking after their children. Both will look to governments – as well as employers – to give them greater flexibility.

- The second force is mounting concern about how children are being brought up and about the quality of childcare. There is now much greater awareness of the importance of safe and secure attachments among young children. This is leading to heightened public policy interest in the quality and organisation of parenting.

- The third force is demography: a fifth of women born since the 1960s are predicted to remain childless. Many see parenting as an unattractive prospect – costly, hard work, and under-valued. As a result we now face the prospect that future generations of workers and taxpayers will be inadequate to sustain a growing elderly population. Increasingly we may seek to emulate countries like Sweden which used parental leave policies to reverse their declining birth rate.

Together these forces will add up to a major pressure on policy makers. As they do so, we argue that a shift in the terms of the parenting argument
will take place. In part this will be a shift from seeing parenthood primarily as a private choice, and children as a private good, towards seeing the quality and quantity of parenting as a public concern and well-brought up children as a public good. Whereas the first force we have identified – demand from parents – will increase pressure on governments and employers to give individuals greater choice and flexibility, the second and third forces emphasise the fact that parenting is a public matter.

The parallel shift which we expect is one away from the assumption that childcare will be the main solution to changes in the economy of parenting. Better quality and affordable childcare is a necessary part of any new policy framework. But it is not sufficient, partly because children need parents to be more directly involved in looking after them, and partly because parents themselves are unlikely to want to be wholly sidelined by childcare professionals.

This report sets out:

- why the pressures for parental leave are mounting;
- how other countries have organised parental leave, through a survey of 16 countries;
- the lessons to be learnt from their experiences;
- the lessons to be learnt from research on childcare and parenting;
- the principles underlying different schemes; and
- the main options for financing parental leave.

The final report of the project, to be published later this year, will present the most thorough costings analysis of different parental leave schemes that has yet been done in Britain, based on a survey of three hundred UK companies. It will make the case for a new policy approach to parental leave.

This report is designed to pave the way and to initiate a more informed debate in the UK. It sets out the background and shows why politicians and policy-makers should take this issue seriously, and why parental leave could become the litmus test of just how serious they really are about family values.
Parenting: from the personal to the political

Until recently there was no need for public policy to concern itself too much with parenting. The economic base of childrearing was secure. In pre-industrial societies, the family was the site both of production and of consumption: work and home were combined and parenting was one of the myriad of tasks to be done in the domestic economy. During the industrial era, work and home became disconnected: men left the home to go out to work, while women ran the domestic economy. Women’s unpaid work ensured that children were clothed, fed and socialised.

It is only now that women have gone into the workforce in huge numbers, that the economic base of parenting has become an issue. The old economic organisation of parenting – essentially dependent on unpaid labour by mothers – has unravelled. The result is what Amitai Etzioni calls ‘the parenting deficit’, a deficit which began at the time of the industrial revolution when men left the home to go out to work and which has simply been compounded as women have followed them. For children today need looking after just as they did a hundred or two hundred years ago, and while technologies have transformed other types of work with huge productivity gains (an hour’s work is worth roughly 25 times what it was in the early 19th century) they have had only a marginal effect on the process of parenting. Parenting remains a full time job and is as labour intensive and repetitive as ever, perhaps even more so now that we have so much additional knowledge about the importance of the early years of a child’s life on later development.

How parenting is organised is an immediate concern for a very large part of the workforce. Over a third of employed men (37 per cent) and 38 per cent of employed women have dependent children. The 1980s saw the ascendancy of the dual earner household, as well as a growing number of young parents with children under five who are both working full time. Working parents today are also more likely to be reliant on formal childcare, which has grown rapidly in the 1980s, with very little regulation and a low quality threshold.

So far debate about parenting has been far more intense within households than in Parliament or the media. In millions of households around the country people are agonizing and arguing over the stresses and strains...
of being a modern day parent: juggling their conflicting demands and multiple roles and feeling perpetually dissatisfied that no one job is done particularly well.

But the dilemma of parenting in the 1990s is not just a personal issue, it is fast becoming a political one as well. Men are seeking their rights as fathers. Concern is being expressed about home alone kids and working mothers. Others are making direct links between inadequate parenting and juvenile crime. Policies to support effective parenting may not yet win or lose elections, but they are fast rising up the political agenda.

– Policy and parenting

Beveridge and familial laissez-faire

In the past parenting was synonymous with motherhood. It remained largely invisible in policy terms: the concern of individual families rather than the welfare state. In Britain, in so far as there was a policy for parenthood, it rested on guaranteeing economic support for men in the event of unemployment as the indirect means of supporting women in their role as mothers to the nation’s children (with the exception of child allowances and child benefit). This was the underlying philosophy of Beveridge’s welfare state which treated women as mothers rather than workers, and guaranteed their economic security indirectly through a commitment to the ‘male breadwinner’, the ‘family wage’, and a clear gender division of labour.

This gender bias is still with us today. Only women are granted parenting rights (in the form of maternity leave) and successive British governments – on the left as well as on the right – have done little to facilitate women’s participation in the labour force, leaving women to manage their caring roles and paid employment as best they can.

Instead, British policy itself has been laissez-faire; direct public subsidy is minimal, and there are only marginal tax breaks for childcare, despite popular demand. Parenting has been treated implicitly as the concern of the individuals and family not of the state, whose role is simply to regulate the private sector and to lay down minimum conditions for the care of the nation’s children (a slight exception to this rule has been the promise of this Government in late 1994 to extend access to nursery
education to all four years olds, but it is significant that this has largely been justified in terms of the educational and social benefits rather than as a strategy for more effective parenting).

– Background to parental leave: drivers of change

Some would like this approach to continue, keeping government and public policy as far away from the family as possible. But this view is rapidly becoming untenable as the old economic base for parenting continues to unravel.

Dual earning and the rise of the working mother
Over the last few decades women have entered the workforce in unprecedented numbers. Joint breadwinning is now the norm and the proportion of dual earning couples has risen from 43 per cent in 1973 to 60 per cent in 1992. Nearly half of married and cohabiting women with pre-school age children, are working today compared with just a quarter 15 years ago.

This trend rapidly accelerated in the 1980s. Employment rates among women with children grew faster during this period than among women without children, and half of the employment growth for mothers was in full time work. Moreover between 1985 and 1991 the UK experienced one of the fastest rises of employment growth in the EU among women with children under 10; a growth which came equally from full-time and part-time working. As significant in the long run is the fact that employment among mothers with a child under 5 years old grew by 77 per cent compared to only 9 per cent for mothers with children aged 11–15 years. Although most dual-earner households still consist of a father working long full-time hours and a mother working shorter part-time hours, there is a significant and slowly increasing number of dual earning couples where both parents work long, full-time hours.

Economics has been a key driver of change in this respect. Many households depend on two earners if they are to sustain the living standards to which they aspire. A recent study showed that most European women work because they have to. 55 per cent of US working women and 59 per cent of European working women supplied half or more of
their family’s household income with one in four working women in Europe actually supplying all the household income. In Britain, these trends have been less pronounced than on the continent,\textsuperscript{17} (partly because of disincentives in the tax/benefits structure) but the number of women earning more than their partner has trebled from one in fifteen in the early 1980s to one in five in 1995.\textsuperscript{18} Moreover, as female breadwinning has become more central to the family economy so too the opportunity costs of leaving the labour market have risen. This is one reason why women have pressed for new rights at work: research clearly shows that women who take advantage of job protected maternity leave are less likely to suffer from the ‘family gap’, the pay gap that widens when women have children.\textsuperscript{19}

\textit{Work is becoming more important for women}

Economics is part of the explanation for this shift but women’s values have also changed. In 1993 76 per cent of women said that they would still work even if there was no financial need compared to 63 per cent in 1994.\textsuperscript{20} Another study found that almost 80 per cent of women in work preferred to be working rather than staying at home.\textsuperscript{21} One manifestation of this is the fact that women are delaying pregnancy, often to establish themselves at work first. The average age at which women have their first child is now almost 28 and in 1992 for the first time more children were being born to women in their early thirties than their early twenties.\textsuperscript{22} There has also been a 33 per cent increase in the number of women having babies in their forties in the past decade.\textsuperscript{23} Women are also returning faster to the labour market after childbirth. In 1979 only a quarter of women returned to work within nine months of giving birth while by 1989 the figure was two women in three. Moreover not only are the vast majority of women economically active within nine months of having a baby, they are also more likely to return to full time work.\textsuperscript{24}

These trends appear to be deepening. Younger women are more committed to success and more openly driven about their work ambitions than older women, and are in some cases actually outstripping their male peers in this commitment.\textsuperscript{25} They are also less likely to structure their work around family needs than older working mothers, and are as a result twice as likely to rely on formal forms of childcare, or their partner, to help out.\textsuperscript{26}
Other research shows that school girls no longer suffer from low self esteem, and are happier, more ambitious, more likely to want to continue in education and less likely to want to start a family when they leave school than their male peers.27

The home is becoming more important to men
While women are becoming more attached to their work, men are becoming more involved at home. From the mid 1970s to the mid 1980s time spent on routine housework actually doubled (from a low base) while for married women of the same period there was a consistent decline spent in housework.28 The father’s role is also changing. According to one study in Avon there have been substantial changes across the generations. In the 1950s just 5 per cent of fathers were present at the birth of their child. In the 1990s attendance is almost 97 per cent (many under pressure from their partners!)29 and other research has suggested that men have more of an emotional need and desire to be involved than in the past.30 Other surveys have shown that time spent looking after children or playing with them has more than doubled for full-time employed fathers during the same period.31

Men do of course tend to be involved with the more pleasurable, leisurely tasks, such as outings to the park and playing with children rather than the more mundane, routine aspects of material care32 and they are certainly nowhere near accepting joint responsibility for parenting.33 But there is some evidence that fathers have become more involved with the more mundane aspects of parenting too. In the Avon study 82 per cent of 90s dads are reported to be directly involved in practical tasks such as bathing or feeding, more than twice as many as in the 1950s34 and other recent research finds that fathers have significantly increased their care of sick children by staying off work: for example in 1987, 18 per cent of fathers shared (or claimed to share) equally in their care of sick children but by 1991 that proportion had doubled to 39 per cent.35

Joint breadwinning is having a clear effect on men’s values,36 especially those in their twenties and thirties who are forming families today. Compared to older generations of men, they are much more at ease with changing gender roles: they are less likely to agree that ‘the husband should earn and the wife should stay at home’ and less likely to agree
that ‘family life suffers if the mother works full time’. The next generation of fathers – the teenagers of today – are even more willing to think flexibly about gender roles. 69 per cent of boys aged between 12 and 19 years do not agree that men should go out to work and women should stay at home and the majority (about 70 per cent) agree that domestic tasks should be shared. These teenagers were also keen that fathers should take paternity leave after the birth of a child and parental leave to help with care.

Yet women still do most of the parenting
Over the last few decades, the overall trend in relationships and family life has been away from fixed gender roles to a much greater degree of flexibility. But this process has not been painless nor is it complete. Women’s entry into the workforce has been inherently destabilising because their move out of the home has not been matched by men’s preparedness to share childcare at home on the scale needed nor to accept joint responsibility. The two trends described above may be converging, but there is still a wide gap – a gap which has become one of the main causes of tensions in relationships. In our own study, 69.3 per cent of 25–34 year old women with children take full responsibility for childcare compared to less than 3 per cent of men and 65 per cent of women look after their children if they are ill compared to just 11 per cent of their spouses.

The time squeeze and the rising demand for flexibility
One immediate consequence of men’s failure to share the burden of parenting is that working mothers are busier than ever. They effectively work a ‘double shift’, and suffer considerable stress as a result. In a recent survey, an astonishing 86 per cent of full time working women felt that they never had enough time to get things done and women were 10–20 per cent more likely to be suffering from stress than men of a similar age or working status.

The combination of dual earning alongside long working hours has contributed to a ‘time squeeze’, which is being exacerbated because more time is needed for leisure, travel, shopping and childcare. The combination of fear of crime, unfriendly public spaces and badly
planned transport systems means that adults now spend 900 million hours each year escorting children to school. The proportion of seven year olds going to school unaccompanied fell from 70 per cent in 1971 to 7 per cent in 1990. The average journey to work is now 8.2 miles, up from 5.2 miles in the early 1960s. Shopping and related travel time have also risen – from 45 minutes in 1961 to 70 minutes in 1984.\textsuperscript{42}

This time squeeze is fuelling parents’ demands for greater flexibility. Our survey found that there is a serious mismatch between the flexibility that is desired by people and what is actually on offer from their employers. A third of men under 35 with young children want the chance to take unpaid leave and to reduce their working hours. 27 per cent of young mothers want to take unpaid leave, almost a third want to reduce their working hours and 46 per cent want to be able to take school holidays unpaid.

\textit{Crises in the family}

The failure to provide for more flexible working and parenting arrangements is having a direct effect in the form of stress at home. The early years of parenthood are often particularly stressful. Marital satisfaction is particularly low before children go to school (with obvious differences between high income career couples who can afford good quality home based childcare and blue collar dual earner couples without surplus income). In all cases, however, one of the main causes of stress among women is dissatisfaction with their partner’s failure to share domestic labour or to accept their need (desire) to work.\textsuperscript{43} 50 per cent of women aged between 16 and 54 say that more equal sharing of roles is a priority for the future, presumably because it’s not happening.\textsuperscript{44}

People are also increasingly sandwiched between the responsibilities of parenthood and the care needs of their elderly parents. Already nearly one in three people who care for the sick, elderly or handicapped for more than 20 hours a week also have children under the age of 16 to care for.\textsuperscript{45} These care pressures are caused by the combination of greater longevity, dual earning and public policy pressures to ensure that families (usually women) relieve the state of the burden of long-term care.

These tensions contribute to relationship breakdown. The number of divorces granted to couples with children under five has increased by
two thirds since the mid 1970s and women who have been employed for four fifths of the time since the birth of their first child are twice as likely to get divorced as mothers who do not work after childbirth. The absence of parental leave is in this sense one direct cause of marital stress and breakdown.

Inadequate childcare
All of these trends add up to a growing need for care at a time when women are less prepared to carry that burden unpaid, or as an alternative to a job and a career. Yet informal sources of support are no longer as stable as they once were. Family breakdown, increases in lone parenthood, greater social mobility, and the fragmentation of neighbourhoods and communities have all cut parents off from important sources of informal support. Greater awareness of the needs of children is also highlighting that informal childcare itself might not necessarily be in the interests of the child. A recent study in America found that children were no more likely to be securely attached to providers who were relatives than non-relatives and the authors warned that ‘….when people don’t want to be providers, the quality of care they offer – whether they are relatives or non relative – is likely to be of lower quality’.

Perhaps not surprisingly, use of professional childcare doubled between 1980 and 1991. But where formal childcare has expanded, it has been in spite of government policy rather than because of it. Between 1982 and 1991, the number of places in England and Wales at registered childminders (the most common form of childcare) increased by 140 per cent and at private registered day nurseries by 264 per cent. The domestic service economy has also been an enormous growth sector, expanding five times since the 1980s with the result that there are now more nannies than car workers in Britain.

– Policy responses: the role of childcare

While Britain’s welfare state has continued to be modelled along ‘male-breadwinner’ principles, countries as diverse as Sweden, France and Germany, have adapted their welfare states to take account of the reality of dual breadwinning. They have implicitly recognised the value of
the unpaid informal care that women have historically provided by providing various forms of public subsidy to replace it.\textsuperscript{52} Broadly speaking two policy approaches have prevailed, subsidising parenting work either indirectly through professional childcare or directly through incentives to parents (often mothers) to stay at home (which is discussed in the next section). As we shall see both approaches are complementary, and both have often coexisted. But they serve different goals. Where childcare arguments begin with mothers’ roles as workers – parental leave arguments begin with mothers’ and fathers’ roles as parents. Where one is primarily concerned with work, the other is concerned with family life and the interests of children.

Policies for childcare take many forms. The main approach has been to support a range of formal childcare services so as to release women to take part in the labour market and to enable them to get a better balance between work and family life. Scandinavian countries such as Sweden have extensive public sector childcare provision. The French government also provides comprehensive state-assisted childcare. Britain, by contrast, is currently bottom of the childcare league in the European Union with just 2 per cent of under three year olds benefitting from some form of state subsidised childcare.\textsuperscript{53}

A number of arguments are advanced for subsidising childcare:

- One is simply that it improves the quality of life of mothers. In one study, improved childcare facilities were the single most important change women wished to see, regardless of occupational level.\textsuperscript{54} In our own focus group discussions with parents, in work and out of work, we found a strong demand for affordable, high quality childcare.

- A second is that it advances women’s rights to equality with men on the grounds that it improves their access to the labour market\textsuperscript{55} and thus helps them to be economically independent. Certainly women still pay a high price for motherhood. Most mothers work part-time and while there has been a dramatic increase in the number of women with children under five working since the 1980s, only one in nine mothers with a child under five is in full time employment.\textsuperscript{56} Child-rearing impacts adversely and disproportionately on women’s lifetime earnings: a married woman with two children loses 57 per cent
of her lifetime earnings relative to a childless woman of the same age. Working mothers also suffer adversely from the ‘family gap’, the pay gap that widens when women have children, and women find their pension rights are more vulnerable (or in some cases non-existent) because of time spent out of the labour market or working part-time. In the absence of policies to promote shared parenting, many feminist economists have stressed the importance of a swift and rapid rate of return to the labour market after childbirth. In effect the state’s role is to step in as the ‘proxy parent’ by providing or indirectly subsidising childcare.

The link between a system of subsidised childcare, and the economic position of working mothers is well established. British mothers for example are five times more likely to suffer from the ‘family gap’ as mothers in France and Sweden, both of which have extensive childcare systems.

- The third argument is that facilitating women’s access to the labour market after childbirth through childcare is economically efficient. Clearly women who return quickly to the labour market after childbirth are able to maintain their skills and training much more effectively than women who spend long periods of time out of the labour market because of parenting. Not only is this beneficial to the individual woman concerned, it is also beneficial to the state which has a vested interest in maintaining and expanding the skills of the workforce as a whole. A strict view of economic comparative advantage leads to support for policies to get mothers back into the occupations they have been trained for, leaving childcare to the professionals. Moreover in certain cases, subsidising childcare might actually be cost effective for the state itself given that economically independent women, like economically independent men, are less likely to be dependent on the state for benefits.

A recent study which examined the impact of subsidising childcare for mothers of pre-school children concluded that some form of targeted childcare subsidy could actually save the government money by removing the disincentives which prevent certain groups of mothers, especially single mothers, from going out to work. These arguments are likely to prove increasingly compelling. For while Britain
experienced one of the fastest rates of employment growth in the EU among women with children under 10 between 1985 and 1991, employment actually fell among lone mothers (three quarters of lone mothers with a child under five have no earnings at all.), those with no qualifications, and among those with unemployed partners (with the no-earner household now standing at 15 per cent).

• Fourthly, there are other equity issues. A body of research suggests that certain social and educational benefits accrue from subsidising nursery education for three and four year olds which become apparent in educational performance later in life. Some form of public subsidy for high quality childcare can thus be justified on the grounds that society as a whole (not simply the parents) benefits socially and economically from well cared for and well educated young children.

• Finally there is straightforward political pressure from an important constituency for public support – a claim for subsidy in competition with public subsidies for everything from farmers to housebuyers. Childcare costs are a concern for many working parents (not least because women spend on average 25 per cent of their earnings on them) but they are a particular issue for certain groups of women, for whom returning to work is simply not affordable. Lone parents and parents with children under five are not only most likely to pay for care arrangements, they are also likely to pay higher amounts than average, trends which have to be seen in the context of a considerable increase in childcare costs since the 1980s. (The low paid and part-time workers also pay more than the average working mother).

But the base of political support is much wider than this. One study in the 1980s found that 53 per cent of mothers felt that the arrangements they had made for their children when they resumed work after maternity leave were not ones that they would have ideally preferred. Most wanted a different type of care with most dissatisfaction being expressed by mothers expecting to use childminders, with nurseries and nannies being preferred options. Another recent study found that not only has the proportion of parents paying for childcare increased since the 1980s, but that what they pay has risen even more sharply. Not surprisingly this group is looking for public support.
The other approach, and the main focus of this report, is to subsidise the informal caring work that women have historically done directly through an extended form of maternity leave, through some form of parenting allowance, or through a scheme of parental leave. These policies implicitly recognise that the economic base which sustained parenting in the past has been eroded and that the state needs to recognise this if it is to promote effective parenting. Moreover they increasingly recognise that men too have a role in parenting. The primary aim is not so much to improve women’s labour force participation (although in some cases this is what happens) but to support better parenting by both men and women.

The main advantages of complementing childcare with parental leave are:

- First, it is in the interests of children. There is now abundant evidence that direct parental care – if voluntary and desired – is better in the early years of child-rearing than other more standardized forms of childcare provision. A recent report, *Starting points: meeting the needs of our youngest children*, provided the most extensive recent survey and synthesis of recent research on young children’s emotional, social, physical, intellectual, and brain development. It concluded that ‘…how children function from the pre-school years all the way through adolescence, and even adulthood, hinges in large part on their experiences before the age of three.’ Drawing on various psychological studies about the importance of secure attachments in the early years of a child’s life for their later development, the report suggested that the childcare available to working parents in America was in important respects inadequate from the child’s point of view, and was not compensating for the loss of direct paternal care.

- Second, childcare often tends to be of poor quality, especially if it is not supported by public policy. In such cases it is far harder to guarantee quality care than if parents are encouraged to stay at home. A recent report in the USA found that only half of the children in the sample were securely attached to their providers. The study emphasised that quality care was provided if the carer was child focused
and actually wanted to be looking after the child. The dilemma for the professional care industry is that an industry which is low paid, and low status, at a time of high unemployment, is likely to attract many people not because of a sense of vocation or love for children but simply because it is the only job they can get. In the UK there is mounting evidence of public concern about the quality of childcare services.

- Third, even where there is state supported childcare, there is a strong case for giving parents choice, not least because this allows them to regulate the quality of childcare. The introduction of parental leave in Denmark for example has been associated with a reduction in public childcare and in Sweden parental leave is now so much part of the culture that few babies under one years old are in childcare. In our own qualitative research we have found that many parents would like to be able to mix professional childcare and greater parental care.

- Fourth, parental leave can help raise the birthrate. As we shall see this has been an important argument in some countries, and could again become significant for the UK. A fifth of women born since the 1960s are expected to remain childless throughout their lives. Given that the average size of families is also falling there is the very real prospect that there will be an inadequate population of taxpayers and workers to sustain a growing population of the elderly and infirm. Parental leave policies have been successful elsewhere in raising the birthrate.

- Fifth, parental leave strengthens women’s rights. Paid parental leave, like subsidised childcare, can reduce material inequality between men and women. For example, Norway has not subsidised childcare as much as Sweden or France, but the existence of generous parental leave means that it has no greater material inequality between men and women. By acting as an extension of maternity rights, parental leave also helps the significant minority of women who currently opt out of the labour market and lose their right to return because they want to spend longer parenting than the current maternity provisions allow. A 1991 study in Britain found that over a quarter of mothers would like to see improved maternity rights.
British debate about family policy has sometimes assumed that there is a conflict between policies to promote women’s equality and policies to boost the family. The former depended on encouraging women into jobs, while the latter depended on encouraging them to stay at home. Instead, the evidence from the most successful schemes abroad suggests that there is no inherent conflict between women’s equality and initiatives to boost the family. In Norway for example women’s position has been greatly strengthened not by extensive childcare but rather by ensuring generous paid leave – and leave to look after sick children. Sweden, whose parental leave scheme is the most generous in Europe, also has the second highest birth rate. In both countries equality has advanced in tandem with pro-natalism.

- Sixth, parental leave is in fathers’ interests. Unlike childcare it makes it easier for men to choose to play an active role in fathering, without jeopardising their career. It makes it easier to realise the goal of shared and equal parenthood, and so also indirectly benefits women many of whom want fathers to have the right to take time off when a child is born. In our own focus group work the majority of men in their twenties and thirties believed that they should qualify for some form of paternity or parental leave, if only for a few weeks.

- Finally, parental leave, like other policy initiatives for parenting (as distinct from policies to enhance women’s labour force participation), has a symbolic importance. It visibly puts a value on parenting. This is important because the material base of many families has been eroded in recent years and the number of families with dependent children below the poverty line has increased dramatically. In our discussion groups, many said that work was dominating their lives too much and that they wanted to be able to live a simpler life. A significant minority of women in our discussion groups (mostly full-time mothers) felt under-valued and were resentful that society as a whole did not appear to value parenting. Our survey also found that 67 per cent of working women under 35 agreed that ‘a woman who chooses to look after the home and children is just as emancipated as a woman with a career’, a figure which rises to 74 per cent for those women not in work. This sentiment appears to be spreading beyond traditionalists. Indeed it could be interpreted more as an evolution of feminism than as a reaction to it.
Parental leave around the world – what lessons can we learn?

Britain has one major advantage over those countries which have already introduced parental leave: we can now learn from their experience. This section describes parental leave schemes around the world. It develops a typology of leave schemes, considers the different objectives of the schemes and analyses the impact of these differences on the overall effectiveness of parental leave.

– A typology of leave schemes around the world

Broadly speaking schemes can be classified according to their region. The four non-European countries are the exception to this rule. They all tend to a liberal model of welfare – most in evidence in the USA – as opposed to the more family-oriented policies of continental Europe. Although their leave schemes represent a limited level of intervention, they are worth considering given the drift of public policy in the UK and the financial pressures on the welfare state the world over.

In all of the European regions, it is significant that welfare policies developed with distinct goals in mind, ranging from the egalitarian agenda embraced in the 1960s by Norway and Sweden, to the more traditional welfare provision of countries such as France or Germany, where benefits are closely tied to employment (and are very generous for those who have worked).78

Regional variations in culture and economics are also significant. For example, Southern European countries, in contrast to Scandinavia, have tended to provide care for children and the elderly through informal family networks rather than public provision. These very different styles of care are partly a matter of economics. For example, Sweden embarked upon massive public provision of childcare in response to labour shortages. At the same time culture has also been important. Attitudes to female participation in the labour force in particular are markedly different in Sweden and Italy, with a corresponding effect on women’s employment rates in those countries.
These broad differences, in welfare, economics and culture can be detected in the distinct styles of parental leave which are offered. Parental leave schemes which emphasise both male and female participation are central in the Scandinavian countries. In contrast, leave schemes in North and South Europe tend to be directed towards the mother, and there is less concern about the effects of leave upon women in the labour market.

The Scandinavian countries – Sweden, Norway, Denmark, Finland

The Scandinavian countries set the pace on this issue (see Figure 1.1 overleaf). Sweden was the first country to introduce a system of parental leave in 1974 having implemented radical family policies in response to the declining birth rate as far back as the 1930s.

By the 1960s Sweden needed to expand its labour force to sustain economic growth. Once again, one of the crucial tools to achieve this was an increase in childcare provision, liberating women from some of their domestic responsibilities. Challenges to conventional gender roles at home and in employment added a cultural gloss and in 1967, a Family Policy Commission was appointed to examine the insurance system, and to consider how women’s employment opportunities and sexual equality in general could be improved. As a consequence of this review the maternity leave policy was replaced with a parental insurance system in 1974. There are clearly unique aspects of the Swedish social and political climate which have contributed towards the adoption of parental leave. Relatively high levels of female representation have been important, as has the fact that high rates of female participation in the labour market, especially since the 1960s, have left few women available to be child-minders or private domestic workers. But it is perhaps Sweden’s cultural homogeneity and the population’s commitment to collectivism through the political system which have since the 1930s sustained a general willingness to support government action both for children’s welfare and for greater equality between the sexes.

The current system of parental leave in Sweden is the ‘most financially generous and flexible in the world, and the one most directly tied to a commitment to the principle of equal parenthood’. Nevertheless take-up rates among men have fallen far short of women’s take up rates.
### Fig 1.1 Parental Leave in the Scandinavian Countries

<table>
<thead>
<tr>
<th></th>
<th>Sweden</th>
<th>Norway</th>
<th>Finland</th>
<th>Denmark</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Duration</strong></td>
<td>15 months</td>
<td>42–52 weeks</td>
<td>11 months, though supplemented by 'Child Care Leave' until child is 3</td>
<td>2 years and 10 weeks</td>
</tr>
<tr>
<td><strong>Mother/Father</strong></td>
<td>Each parent is allotted a non-transferable period of 30 days leave. The remaining 390 days are transferable to either parent</td>
<td>Father given a ‘four-week’ quota, which cannot be shared with mother</td>
<td>Maternity leave (105 days) part of parental leave period cannot be transferred. Rest of leave depends on parents’ discretion, though a specific paternity leave of 18 days total is available</td>
<td>Basic entitlement of 10 weeks (to be shared), which is supplemented by 6 months non-transferable leave, available to each parent. A second 6 month period depends upon the employer’s permission</td>
</tr>
<tr>
<td><strong>Payment</strong></td>
<td>85% wage compensation for two 30-day periods, 75% for next ten months, and a fixed rate for last 3 months. There is a ceiling on earnings for replacement</td>
<td>100% wage replacement for 42 weeks leave, 80% for 52 weeks leave</td>
<td>Parenthood allowance paid, usually equivalent to 75% of a recipient’s normal earnings</td>
<td>Leave benefit equal to c. 67% of normal salary paid</td>
</tr>
<tr>
<td>Funding</td>
<td>Job Security</td>
<td>Eligibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
<td>-------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 80% of revenue comes through a payroll tax on employers and employees (equal to over 8% of wages), and 15% from general taxation.</td>
<td>Right to return to previous job. Benefits may also be deferred and spread over an 8-year period when combined with reduced hours of work.</td>
<td>To receive wage replacement, must be employed prior to leave. Otherwise, receives daily minimum.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through Social Insurance</td>
<td>Right to return to previous job. Up to 39 weeks of paid leave may be taken in combination with work over a period of 2 years.</td>
<td>Must be employed prior to leave, otherwise receives daily minimum.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through Social Insurance</td>
<td>Right to return to previous job. If both parents employed, one is entitled to work shorter days (6 hours a day, or 30 a week) after the child reaches 3, until the end of the autumn term of the first grade at school. Compensation is paid for this.</td>
<td>Must be employed prior to leave, otherwise receives daily minimum.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through Social Insurance</td>
<td>Right to return to previous job</td>
<td>If employed or self-employed, person must qualify for cash benefits.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In 1993, fathers used just 10 per cent of their parental insurance benefit and a recent survey showed that, for children born in 1991, 40 per cent of fathers had used on average 15 per cent of their available benefit days during the child’s first year.\(^8\) The Swedish authorities have been active in attempts to equalize take-up rates by obliging employers of more than 10 employees to draw up an equal opportunities plan which includes measures to encourage men to take parental leave under the terms of the Equal Opportunities Act.

Although progress towards equal parenthood looks slow, Sweden’s levels of male take-up are greater (and significantly so) than any other country with programmes of parental leave. For example a report in 1988 found that only 13 per cent of fathers in Finland took up some of their leave compared to 3 per cent in Iceland and just 1 per cent in Norway (although in Norway male take up increased enormously following the introduction of the ‘father’s quota’ of leave).\(^8\) Swedish men have steadily increased their take up of some period of leave since the programme was first devised. In 1974, the year the programme was introduced, less than 3 per cent of all eligible fathers took leave, compared to 10 per cent in 1977 and 24 per cent in 1987. Current figures are even higher than this.

**The North European Countries – France, Germany, Austria, the Netherlands**

Parental leave schemes in North European countries are less generous and less concerned with the goal of gender equality (see Figure 1.2 opposite). All the French, German and Austrian schemes provide for extensive periods off work, complete with guarantees against dismissal, but the levels of wage replacement are low and in the case of France, virtually non-existent. Pay differentials between men and women in these countries also suggest that financial need may be an important factor reinforcing traditional gender roles. For example in 1987 in Germany women’s wages were just 73 per cent of the wages of men in the same occupational sector (namely manual workers in manufacturing), a much lower figure than in Scandinavian countries.\(^8\) In such cases, it tends to be the father who continues to work as a means of maximising family income.
## Parental Leave in the North European Countries

<table>
<thead>
<tr>
<th></th>
<th>France</th>
<th>Germany</th>
<th>Austria</th>
<th>Netherlands</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Duration</strong></td>
<td>3 years</td>
<td>3 years</td>
<td>2 years, or 4 years part-time</td>
<td>12 months</td>
</tr>
<tr>
<td><strong>Mother/Father</strong></td>
<td>Entire leave is transferable</td>
<td>Entire leave is transferable</td>
<td>Entire leave is transferable, but mother must forego her right to all or part of it</td>
<td>6 months non-transferable leave, reserved for each parent</td>
</tr>
<tr>
<td><strong>Payment</strong></td>
<td>None, except for second child and after</td>
<td>A means-tested benefit of 6000DM is provided until the child is 2 years old</td>
<td>Parental leave allowance available to those employed for a certain amount of time (20 weeks for those aged under 25). Monthly allowance for couples equal to £340</td>
<td>None, except if reduced hours take lone parent below social assistance level</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>General taxation (family allowances fund)</td>
<td>Through general tax revenues</td>
<td>Through Social Insurance</td>
<td>–</td>
</tr>
<tr>
<td><strong>Job Security</strong></td>
<td>Right to return to previous job. 1984 Act enabled parents to work half-time as an alternative to leave</td>
<td>Right to return to previous job. Parent on leave may work for up to 18 hours for any employer, unless the employer is in direct competition with his/her previous one</td>
<td>Right to return to previous job. Part-time leave may be combined with full-time leave (e.g. 1 year full-time, followed by 2 years part-time)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>One year’s employment prior to leave. In enterprises employing fewer than 10 workers, leave may be refused</td>
<td>All employees are eligible</td>
<td>Number of weeks employment (depending on age) required to claim allowance</td>
<td>One year’s employment prior to leave</td>
</tr>
</tbody>
</table>
But economic constraints are not the only factors explaining low male take-up of schemes of parental leave. Compared to Sweden and Norway, countries like Germany have expended little effort on developing policies to change cultural expectations about childcare responsibilities. Such socially conservative countries also tend to have fixed ideas about gender roles. This is most evident in Austria where the parental leave scheme explicitly assumes that it is only women who would wish to go on leave.

However, there are also signs of change. In recent years, the Government in the Netherlands has actively tried to bring an end to gender ‘difference’, all too aware that women are still relatively poorly represented in the economic life of the nation. For example, in 1990, only 54 per cent of women worked outside the home. When women do work they tend to work part-time: 75 per cent of all part-time jobs in the Netherlands are done by women. As a result, Dutch parental leave allows for a reduction in working hours over a period of six months which can be divided between the two parents as they see fit. There is no payment to compensate for lost earnings (except for a lone parent whose earnings fall below the social assistance level), and the employee must have been on his or her employer’s pay-roll for a period of at least one year to qualify. Belgium has not been included in this list, since it does not strictly have a system of parental leave. Career breaks, however, are available to all those who wish to take them, and can last from 6 to 12 months. This system has much in common with the leave schemes introduced in Denmark in 1994. The care of children is included as a permissible reason for one of these breaks, and an allowance based on previous income is provided.

**South European countries – Italy, Spain, Portugal, Greece**

South European countries offer similar schemes, although they tend to have lower compensation and entitlement levels (see Figure 1.3 opposite). For example, Spanish parental leave lasts up to three years for each child. Until recently the parent on leave was assured only of their preferential right to be reinstated in their job, but as of March 1995 this has become a statutory right. Both parents with children under the age of 6 have the right to reduce their working hours by between a third and a half and they can do this at the same time, although there is no compensation for lost earnings.
### Fig 1.3 Parental Leave in the South European Countries

<table>
<thead>
<tr>
<th>Italy</th>
<th>Spain</th>
<th>Portugal</th>
<th>Greece</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Duration</strong></td>
<td>6 months</td>
<td>3 years</td>
<td>98 days</td>
</tr>
<tr>
<td><strong>Mother/Father</strong></td>
<td>Entire leave is transferable</td>
<td>Entire leave is transferable</td>
<td>First 14 days reserved for mother. Rest of the leave is transferable</td>
</tr>
<tr>
<td><strong>Payment</strong></td>
<td>Parent receives 30% of normal earnings</td>
<td>None</td>
<td>100% wage replacement</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>Through Social Insurance</td>
<td>–</td>
<td>Through social insurance</td>
</tr>
<tr>
<td><strong>Job Security</strong></td>
<td>Right to return to previous job. Parent may shorten work by 2 hours a day during the baby’s first year</td>
<td>Right to return to previous job (since March 1995). Prior to recent law, only a preferential right to reinstatement if leave over 1 year taken. Parents with children under the age of 6 can reduce working hours (up to one half) with no compensation</td>
<td>Right to return to previous job. Employees with children below the age of 12 may work a reduced, flexible work schedule (with no compensation for lost earnings)</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>All employees</td>
<td>All employees</td>
<td>All employees</td>
</tr>
</tbody>
</table>
Until recently Portuguese parents were entitled to leave for a period of between six and twenty four months if their child was under three, but this was without any compensatory payment. New legislation has since reduced the available leave to 98 days, but includes 100 per cent wage replacement. In Greece by contrast provisions for parental leave are much more stringent. Each parent is entitled to three months unpaid full-time leave, which is not transferable between parents, and parents working in the private sector are only eligible if the company for which they work employs more than 50 people and no more than 8 per cent of a company’s workforce can claim parental leave during any one year.

In Italy parents can take parental leave for six months after maternity leave and this can be taken any time before the child’s first birthday. The social security system pays 30 per cent of the employee’s wages.

Although it is assumed that the leave will be taken by the mother, all or part of the period can be transferred to the father if desired. Parents also have the right to cut their hours of work by 2 hours everyday until the child is one year old.

United States, New Zealand, Canada and Australia
These countries tend to a liberal model of welfare provision. In each case, the state’s aim has been to give parents the right to parental leave but not to financially compensate them (see Figure 1.4 opposite). America is an interesting testcase. Following several years of political lobbying and, the Family and Medical Leave Act was passed through the US Congress in 1992. The Act requires employees to provide a total of 12 weeks unpaid leave per year for both men and women in the event of the birth of a child, illness of a family member, or due to the employee’s own health condition. But the concerns of business over cost and the potential disruption caused by leave-takers meant that much of its radical impact was lost through various exemptions. For example, the 12 week unpaid leave is not available to employees in firms of less than 50 people, and employers can deny leave to the highest paid 10 per cent of employees, if they feel that serious economic injury could be caused to the firm. Employers can also oblige their leave-taking employees to take the leave in the form of paid vacation time rather than unpaid statutory leave, further undermining the benefits to employees from the act.
## Fig 1.4 Parental Leave in the United States, Canada and Australia

<table>
<thead>
<tr>
<th></th>
<th>USA</th>
<th>New Zealand</th>
<th>Canada</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Duration</strong></td>
<td>12 weeks</td>
<td>12 months</td>
<td>10 weeks of parental benefits available under unemployment insurance. Duration of additional leave varies from province to province: between 12 and 34 weeks</td>
<td>12 months</td>
</tr>
<tr>
<td><strong>Mother/Father</strong></td>
<td>Available to either parent</td>
<td>Entire leave is transferable</td>
<td>Entire leave is transferable</td>
<td>Entire leave is transferable</td>
</tr>
<tr>
<td><strong>Payment</strong></td>
<td>None</td>
<td>None</td>
<td>For max 10 weeks Through Unemployment Insurance</td>
<td>None</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>–</td>
<td>–</td>
<td>An employee taking leave for 4 weeks or less has a statutory right to return to previous job. Beyond that, if employer decides job is a key position which cannot be filled by a temporary employee, there is no automatic right; employee is, however, entitled to a preference period of 6 months after leave finishes, in which employer must offer him/her any available job that is substantially similar.</td>
<td>–</td>
</tr>
<tr>
<td><strong>Job Security</strong></td>
<td>Complete job-protection</td>
<td>An employee taking leave for 4 weeks or less has a statutory right to return to previous job. Beyond that, if employer decides job is a key position which cannot be filled by a temporary employee, there is no automatic right; employee is, however, entitled to a preference period of 6 months after leave finishes, in which employer must offer him/her any available job that is substantially similar.</td>
<td>Complete job-protection</td>
<td>An employee cannot be dismissed because of reasons relating to absence from work during parental leave</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>Employee must have been employed for at least 1 year, in a firm of at least 50 employees within a specified radius</td>
<td>Parents must have been employed for at least 10 hours a week for previous 12 months, for the same employer</td>
<td>To claim Unemployment Leave, must qualify for benefits</td>
<td>Parent must have been employed for at least 12 months continuous service for the same employer</td>
</tr>
</tbody>
</table>
New Zealand, Australia and Canada have similar systems of parental leave to the United States. All three of these countries offer full or limited employment security for parents taking leave who wish to return to the labour market. Canada is alone in paying parents on leave, with employees permitted to take paid parental leave as part of their unemployment insurance entitlements.

– The objectives of parental leave

In each country different objectives have been crucial at different times. In this section we analyse the various objectives and how they have influenced policy.

Birth-rates

In Sweden anxiety over falling birth-rates and the possible decline of the Swedish population first arose in the 1930s. Popular attention was drawn to these concerns by the writings of two influential sociologists, Gunnar and Alvar Myrdal, who published The population crisis in 1934. They suggested that the government should make child-bearing more financially attractive and more rewarding for women. They advocated measures to enable women to combine employment with family life, giving them opportunities to lead fulfilling, varied lives, while also providing an extra guarantee of material security. The development of welfare along these lines started prior to the Second World War under the Swedish Social Democrats, through the introduction of public work jobs, child allowances and public housing. Family policies based on these principles were expanded following the war.

Although parental leave is no longer explicitly seen by the Swedish government as part of a pro-natalist strategy, official concern for the birth-rate and maternal employment was always at the heart of the development of welfare and family policy. Family-oriented policies – which include parental leave – have certainly had the desired impact. By 1990, Sweden had both the highest female labour force participation (82.6 per cent) among European countries, and also the highest total fertility rate next to Ireland and Iceland (2.13 in 1990).85 In fact, fertility rates have declined in all EU countries since 1970 apart from Sweden.86 Equality and pro-natalism have gone hand in hand.
Germany’s system of parental leave introduced in 1985 also owed much to the steep decline in birthrates since the mid-1960s. Demographic projections suggested that by 1990 the Federal Republic would have 4.8 million fewer inhabitants than in 1975\(^8\) and widespread improvements in living standards for women and greater flexibility between home and work were urgent priorities. Following a cabinet reorganization in 1986, the Ministry for Youth, Family Affairs, Women and Health was created, aiming to produce a comprehensive strategy for increasing opportunities in education and employment for women.

For all that Sweden and Germany at different points in their history have shared a concern about low birth rates, their approaches to family policy and to parental leave are different. For example, whereas the Swedish system stresses the importance of women’s access to employment, the German scheme offers women little more than security of income during a prolonged period at home looking after the child.

Women as equals?
In the early part of this century, most Western governments legislated and provided for women on the basis of a strong ‘male breadwinner’ model.\(^8\) Governments assumed that women’s social roles consisted primarily in being wives and mothers; that paid work following marriage was undesirable and unnecessary; and that special treatment was due to women, given their unique biological roles. As a result, some of the earliest protective legislation for female workers involved special entitlements to maternity leave, enacted in many European countries following the First World War.

With the rise of the ‘equal rights’ movement in the 1960s, a very different conception of women’s roles started to find favour in the US and other countries.\(^8\) This achieved its clearest expression in the American Pregnancy Discrimination Act (1978): pregnancy (and rights to leave attached to this) was to be treated on an exact par with other temporary disabilities. Policies based on a special, protected domestic sphere were to be abandoned in favour of equal treatment for all individuals in the workforce – women and men. According to one commentator, ‘This meant no special classification, regardless of motivation. Fair treatment and individualism meant anti-discrimination. Forget race and sex;
concentrate on ability, opportunity, and fitness to work.\textsuperscript{90} This approach to policy was only fully embodied in law in the US. But its clear egalitarian message means it continues to be influential.

In Europe, recognition of the competing pulls on women of work and the family – and thus the need for some special policy for women workers – has been more common. The significance of the work/family interface, and the effects this balance might have on women’s welfare, family life and fertility rates, have long been important concerns of European social policy. Countries in Europe, however, have emphasised very different aspects of family policy. For nations such as Germany, France and Belgium – all with well developed welfare states – the main concern is to achieve a better balance between work and family for women, through more flexible work arrangements and leave periods. In Scandinavian countries, the goal is more ambitious: securing more general gender equality throughout society.

These different objectives are crucial in determining the overall shape of parental leave. If the aim of a programme of leave is to facilitate women’s transition from time in paid work to time with the family, then statutory guarantees against dismissal become central. Most schemes include such rights (though with certain limits upon duration of leave taken). Policies to allow mothers and fathers to reduce their hours of work also feature as part of this approach.

However, there are serious drawbacks in leave programmes targeted specifically at the needs of women. Many parental leave programmes (notably those in Germany and Austria) are nothing more than extended maternity breaks, with very few men taking advantage of leave. In particular, the low level of wage replacement in Germany has consolidated the division of work between men and women, rather than encouraging a more equitable sharing of roles; and for many women, the lack of adequate childcare facilities means there is no alternative to taking leave.\textsuperscript{91} As a result, there is a concern that the scheme aggravates discrimination in the labour market by reinforcing traditional gender roles. This opinion was most forcefully presented by the Green Party (which abstained in the vote to establish the scheme in the German Bundestag in 1985) and associations representing professional women, some of which feared that current levels of labour market segregation (and low
levels of female representation in the professions and board-rooms) would be exacerbated.

Where greater emphasis is placed on reordering popular perceptions of gender roles, parental leave has a different character. For instance, both Norway and Sweden offer fathers a quota of paid leave which is not transferable to the mother, in order to encourage male take-up. Similarly, advertising campaigns and attempts to raise consciousness of the importance of ‘fathering’ have been important to the strategies of Scandinavian countries. Swedish governments have also adopted various other policies in an effort to institute equal treatment for men and women in the labour force. For instance, individual taxation was made obligatory in 1971, while family law was changed in 1979 to state explicitly that spouses should share breadwinning, housework and childcare.

However, the decision to treat women as independent citizens and workers on a par with men also has disadvantages. In Scandinavia (particularly Sweden and Denmark) lone mothers have high rates of labour market participation, and on a material level are much better off than their equivalents in Britain, but they are very harried, and suffer from high levels of psychological stress.92

Security for women
The burden of childcare can in the long term threaten both the economic security and independence of women. If the mother leaves employment to care for young children, she often becomes cut off from work, halts her career or is forced into part-time employment with lower pay and fewer rights. Maternity and parental leave both help to protect women from these potential short-term costs arising from childbirth, and from the longer term costs such as downward mobility in the labour force and poorer retirement benefits. Leave is just one means to counter this downward occupational spiral.

However, a trade-off has to be made in enhancing women’s security in the labour market and providing opportunities for women’s employment more generally. This is because, although parental leave can be taken by either parent, low wage replacement and cultural attitudes to gender roles mean that women tend to be the main users. Employers, conscious of this gender bias, are likely to be cautious about recruiting
and training women they expect to leave the labour market completely for a number of years. Moreover if the woman is employed in a specialised, highly skilled role, potential employers may well fear a series of business costs: wasted expenditure on training, difficulties in recruiting able temporary replacements, and the possibility that the mother will not even return to employment once the leave is over.

Thus there is a possibility that extensive leave and reinstatement conditions – standard parts of all leave programmes – may undermine opportunities for young women trying to gain employment. Some of these costs to women’s employment opportunities can be detected in both Germany and Sweden. A small-scale survey, conducted following the introduction of parental leave in Germany, revealed that employers were ‘uniform in their judgement that extended and cumulative benefits reduce women’s opportunities’.93 The introduction of leave may well exacerbate the tendency for women to be locked in lower-skill occupations, where the disruption caused by leave can be more easily managed.

For example in Sweden, where women’s pay-levels are nearly equal to those of men, the costs of generous leave entitlements are reflected in extreme labour market segregation. Women hold 80 per cent of public sector jobs (many in welfare occupations), while men dominate in the private sector. Parental leave is not the sole explanation for this. The nature of public sector employment – its flexibility and the employment it offers – also contribute. But the provisions of parental leave have had an influence. Although employers in Sweden have proved generally unwilling to discuss these issues, the Director of the National Association of Small Businesses did acknowledge that ‘leave entitlements probably do influence promotion, training and hiring decisions, especially for more skilled positions where leave would present a real problem for employers’.94 The Swedish response, distinct from that of the German government, is to emphasise to men the potential pleasures in taking leave – thus freeing parental leave from its discriminatory effects.

Countries like America and Britain lie at the other extreme, offering little security for women but enhanced opportunities. It is significant that both countries have much higher rates of vertical occupational
mobility for women – with many more women in professional and managerial positions – but at the cost of stress and financial loss for women with young children.

**Men’s liberation**
In Scandinavia, parental leave is intended to help shape an equal division of caring responsibilities between mother and father. Rather than having to sacrifice either work or family, the aim is to help women to combine the two more easily, allowing men too to lead more balanced and fulfilled lives through greater involvement with their children. The Swedes see equal parenthood as essential to the larger goal of gender equality. Nevertheless, survey evidence from Sweden has shown that success in achieving these goals is limited. The amount of time fathers spend with children is not affected after taking leave, and the majority of mothers still take the main responsibility for childcare.95

**Enhanced productivity**
The need to recruit and retain women in the labour market has prompted the development of family friendly employment initiatives. More optimistic economists argue that the introduction of benefits such as parental leave will improve productivity, thus compensating employers for time spent by crucial employees on leave – including the costs of replacement labour – and the increased labour costs incurred by additional national insurance contributions.

Without doubt, high levels of stress and fatigue reported by parents juggling family and work responsibilities have a considerable effect on work performance. In Britain, the majority of employed young mothers still work part-time, but full-time employed fathers work the longest hours in Europe (an average of 46 per week).96 One recent survey of white-collar employees pointed to the damaging effect on work performance of such long hours, especially when they conflicted with the needs of young families: 90 per cent of employers and 45 per cent of employees felt productivity was harmed by long working hours.97 Few full-time employed men with young children have sufficient financial freedom to reduce their working hours, and workplace cultures often discourage employees from ‘slacking’. For full-time employed mothers, conflicts between work and family can be even more intense. Imbalances
in time and conflicts of responsibility can result in stress, low productivity, poor morale, and absenteeism – all of which are potentially more damaging to the interests of employers than paid or unpaid leave. The increase in days of absence taken due to stress in the UK (which rose to 80 million in 1990) may be at least partially caused by an intensification of the competition between work and family. However it is generally hard to put reliable figures on productivity costs, and some fear that an overemphasis on this argument could be misleading, since the main benefits from leave accrue to the children and, later, to society as a whole.

Parental leave is also promoted as a means to retain skilled employees, especially women, who might otherwise leave their jobs to spend time with their young children and not return. This drain of well-trained employees – and the waste of companies’ human resources – could well be prevented by an offer of leave with full entitlement to return to work, possibly on a more flexible schedule, once the leave ends. In the absence of a state scheme of parental leave in the UK it is significant that a minority of employers are already offering some form of paid or unpaid parental leave. Benefits to employers, however, are limited: savings would only be made in cases where the indirect costs of leave to the employers (namely costs of recruitment and training a temporary replacement, combined with the costs of a potentially less productive employee) exceed the indirect savings (the retention of the skilled employee).

In the long-term, however, particular economic sectors might well benefit, especially those with high turnover and problems in recruiting and training skilled workers. A good example is the chemical industry in Germany; one company, Bayer, offers female employees job protected leave for a total of 3 to 6 years. But in sectors of the economy where such conditions do not hold, such as large parts of the service industry, there are no obvious economic gains to be made.

Much of the opposition to parental leave has come from the small business sector – where labour is often difficult to replace and unskilled. Lobbying by this sector in the United States ensured a compromise from the House Labour Committee, guaranteeing that the Family and Medical Leave Act would not cover firms employing fewer than 50
employees. As a result, a majority of female employees are not covered by the Act’s provisions.

Social responsibility

The concern that birth-rates remain high enough to sustain the economy in the future motivates many programmes of leave. But there are other general social benefits which spring from the more intimate relations between parents and children that periods of leave make possible. Psychologists stress the importance of close ‘attachments’ between parents and their young children, which contribute to the future well-being and confidence of both the family and the individual child. Several surveys have indicated close correlations between the mother being at home during the child’s first year and higher levels of cognitive development.¹⁰¹ This is seen as vital to the future health and cohesion of society as a whole: parental leave is thus an investment in future generations and future ‘social capital’. Recognition of these benefits is made in many leave schemes, but there are significant differences in approach which revolve around the issue of responsibility.

Several countries use parental leave as an incentive for individuals to have children and spend time caring for them. Leave is designed to enhance the appeal of having a family – but these incentives also depend upon families being ultimately self-reliant, and employing their own resources in nurturing children. This type of approach is typified by the provisions of the American Family and Medical Leave Act of 1992, which allows eligible workers (i.e. those working in firms with 50 or more employees) to take up to 12 weeks of unpaid leave each year to deal with family emergencies, including childbirth. Any stronger provisions for paid leave were vehemently resisted by the small business sector.

In contrast, countries such as Norway and Sweden – which are more culturally homogenous than many of the other countries in this study – place much greater responsibility in the hands of society as a whole. The welfare of children, and the strength of parental relationships, are taken to be fundamental to the future of society; consequently, everyone in society has a duty to contribute to schemes which work towards these goals. Generous payments to parents on leave, funded
from the general social insurance budget (which is itself funded by a payroll tax on all employers and employees), reflect this philosophy.

– Parental leave schemes: the key differences

Payment and funding
The most important distinction between schemes of leave is whether they are paid or not. The majority of schemes do not guarantee any payment, and so make it hard for the low paid to take advantage. Countries such as Spain and Greece which do not compensate leave takers have low take up. Moreover if leave is unpaid, or paid at low rates, then financial necessity means that it is more often than not the mother who will take leave (if any parent does at all) because occupational and wage structures still tend to favour men and the loss of income from their taking up parental leave would be considered too great.

A number of countries have tried to compensate for non-payment of parental leave by providing other family benefits aimed at improving the material conditions of children, and helping to maintain female living standards. France for example does not have a scheme of paid parental leave but nevertheless has other generous family benefits. The result is that in France and Sweden estimates of gross cash earnings foregone by women bearing one, two or three children, are extremely low at around 10 per cent.102

Those countries which offer leave without payment rely on the family being self reliant. The decision to have children is treated as an individual choice, for which social support is limited (even if parenting is considered an important social good): one of the best recent examples of this model comes from the US, with the Family Leave Act of 1992, but the systems of leave in countries like Netherlands and Spain are similar, with no financial support available.

Those countries which do provide payment broadly divide into two types of funding structure. Both Norway and Sweden pay for leave through the national social insurance schemes, and are funded through contributions from employers, employees and government. The level of benefit paid depends on how much the recipient earned before. There is nevertheless a basic payment for unemployed people as well. A payroll
tax for employers and employees is the main mechanism for funding social insurance in Sweden, covering about 85 per cent of the cost; the government covers an estimated 15 per cent of the remaining cost of the fund. Parental leave schemes which are run as part of wider national insurance schemes also operate in Austria and Finland.

Germany, on the other hand, funds its system of parental leave through general tax revenues – unlike almost all other German welfare benefits, which are funded through social insurance. The level of compensation, 600 DM in 1995 (on a means-tested basis), is very low in comparison with most people’s wage levels, and may be largely responsible for the extremely low male take-up rates recorded. One commentator has called the German scheme ‘parental only in name’.103

Most countries equate periods of parental leave, fully or in part, to insurance periods. The effect on future benefit levels (including pensions and unemployment benefits) are minimised as a result. This is the case in Austria, France, Germany, Italy, Portugal and Spain. In stark contrast parents on leave in Greece must pay all social security contributions during their absence – their employer’s as well as their own – if they wish to maintain a record of contributions.

**Duration of leave**

The length of parental leave varies from six months in Greece to three years in Spain, Germany and France. These different periods of leave have a significant impact both on people’s ability to return to work and on the degree of conflict between work and the early months of family life. Short periods of leave will tend to finish before the parent necessarily wishes to return to work, often leaving a difficult choice over whether to continue to care for the child without a job, or whether to return to work and find suitable child-care arrangements, (which can be very costly for the parents). Longer periods of leave have their own disadvantages: the more time which passes with the employee on leave, the greater the erosion of skills, and the more difficult it is to return to the labour market, especially if new technologies have been introduced.

The ability to make a simple return to work is important both for the parents and the employers concerned. Experience suggests that some
sort of balance between the extreme lengths of leave outlined is most popular and most affordable for government. One option is to base the period of leave around the time needed to form a secure ‘attachment’ between parent and child which experts agree is critically dependent on the period between 6 and 12 months; this would in an ideal world be shared between mother and father.

How long the leave is available for also influences the extent to which men take leave. Sweden clearly shows that male take up is influenced by the length of leave available. When the scheme was first established parental leave lasted for six months only and male take up was negligible, but as the period of leave has expanded, so too has male participation. This is because evidence suggests that Swedish mothers tend to take the first 6–9 months of leave themselves – partly so that they can form an emotional bond with the child, but also to breastfeed the baby – before returning either to full or part-time employment. By gradually extending the length of leave since 1974, the Swedish government has indirectly encouraged greater numbers of men to take some of their leave once the mother is back at work.

Flexibility and choice both in the duration of leave and the way in which it can be taken is obviously desirable for parents, enabling them to make sure that their time-off best suits their family’s needs. Both Norway and Sweden have adapted their schemes with these goals in mind. Leave in Norway is rather shorter than in other countries but since 1994 they have built flexibility and choice into the system and parents are now allowed to choose a combination of leave and payment based on their own personal preferences. The scheme also allows for as much as 39 weeks of leave to be taken in the form of reduced hours rather than full time leave, effectively operating as a ‘time-account’ scheme and giving parents more than one hundred options for organising their leave, in what is a highly flexible system.

Distribution between mother and father
By definition parental leave is available to both parents, but more often than not parental leave acts as a form of extended maternity leave. Few countries allow parents to take leave simultaneously (except for occasional specified periods, more often than not immediately after
childbirth) and parental leave generally has little impact on the distribution of caring responsibilities between parents. For example, in 1993 in Austria, only 500 men were on parental leave, compared with 71,300 women.106

A number of factors explain this. The cultural influence of gender stereotypes is obviously important. The persistence of the gender pay gap means that most families cannot as easily sustain the loss of the father’s income, thus reinforcing traditional gender roles. Many mothers actually want to take time out of the labour market, often to escape menial employment. Even career women find themselves drawn to the idea of time out to enjoy the first few months of their baby’s life.

In many countries, there often seems to be an assumption that men will not want to take up parental leave, other than for a brief period shortly after childbirth, and that the mother will use her parental leave effectively as a form of extended maternity leave. Some countries compound this by not offering parental leave as of right to both mother and father. In Austria for example the mother is actually obliged to renounce her right to part or all of the leave if the father wishes to use it. In Spain the father may only use the last four weeks of his wife’s paid maternity leave (as compared to unpaid parental leave), provided the mother’s health allows her to resume work.107

For these reasons an individual right to leave which enables either parent to take a number of months off work has been proposed as part of the EU Directive on Parental Leave, and recommended in a recent EU report.108 Both Greece and the Netherlands have adopted the principle of non-transferable, individual ‘portions’ of leave but the potential benefits are limited because parental leave is unpaid and because the rights to time off that exist are quite inflexible.

Other countries like Scandinavia and Sweden have taken active steps to try to bring about a more equal division of labour by focusing on ways of making leave more attractive to men. Both countries allocate a portion of paid leave exclusively to fathers, so that it cannot be transferred to the mother. In Sweden the period of non-transferable leave, which exists for both parents, is 30 days, while Norway provides a four-week ‘father’s quota’ of leave.
Safeguards against dismissal
Security against dismissal is vital if parental leave is not to weaken parents’ ties to the labour market. This is a particular issue for women, who are to all intents and purposes the main users of schemes of parental leave. Most schemes make these safeguards an integral part of leave. Protection against dismissal follows the period of leave in Austria (up to four weeks after the worker resumes work), France, Germany, New Zealand (for the first 4 weeks of leave) and the Scandinavian countries. As we have seen, until a change in the law in March 1995 Spanish parents on leave beyond the child’s first birthday had only a preferential right to reinstatement, but this has now been changed to a statutory right.

The right to reduce working hours
Several leave programmes (paid and unpaid) also give parents the right to continue work on a part-time basis. Allowing employees to reduce their hours of work fits the aims of many leave schemes and enables the parent (usually the mother) to spend time with their children, while also remaining connected to the labour market (and thus economically independent). By retaining this connection to the labour market it is often easier for the parent to make the transition to full-time employment once the children start at school.

In the Netherlands, parental leave is only provided in this form. Each parent is entitled over a period of 6 months to reduce their working hours to a minimum of 20 hours a week. These hours can be reduced any time until the child is four years old. In Austria, in lieu of the second year of parental leave, the mother may arrange with her employer a reduction in working time to a maximum of 3/5 of her normal working hours, while also claiming no more than half the parental leave allowance. Sweden also gives parents the right to work on a part time basis, allowing them to defer parental benefits and spread them over an 8-year period if they are combined with reduced working hours.

The principle of combining leave with continued part-time work has been extended in Sweden and Norway into a form of ‘time-account’ scheme. A wide choice of options for combining leave, work and
payment – and for changing from one combination to another – provides mothers and fathers with flexible resources to make leave suit their individual needs. In Sweden, most leave continues to be taken full-time, but the choice of leave options has led to more swapping of leave between men and women, and an extended period over which the leave is taken. But the idea of a ‘time-account’ can be taken a step further. In both Denmark and Belgium, complete career breaks are offered, which can be used for a number of purposes including childcare. A ‘time-account’ system along these lines would involve parental leave as just one option out of several in a lifetime entitlement of sabbaticals. This could be funded through either public revenues (as in Denmark), or through individual insurance; government could also subsidise particular leave options, such as parental leave, to ensure widespread take-up.

Eligibility requirements
In order to claim all the benefits and entitlements associated with programmes of leave – including wage replacement, guarantees against dismissal and the right to continue work on a part-time basis – certain conditions have to be met. For instance, to move to part-time work, the Dutch programme specifies that the employee must have been on the employer’s pay-roll for at least one year; similarly in New Zealand, an employee must have worked at least 10 hours a week for 12 months at the expected date of birth for the same employer to be eligible for parental leave with security of employment. In France, workers must have worked for at least a year at the time of the child’s birth to claim leave from their employers, although in enterprises employing fewer than 10 workers the employer can refuse to grant parental leave on ‘just grounds’. In countries with paid parental leave programmes, those previously unemployed cannot claim compensatory wage replacement, but receive instead a flat-rate allowance. A minimum daily allowance is provided in Finland, Sweden, Denmark and Norway.

– The political context of parental leave

Parental leave schemes are only one small part of much larger welfare systems, and are inevitably affected by broader political pressures.
Cost-cutting
Cuts in social spending are occurring throughout Europe. Retirement ages have been raised, unemployment benefits pared down and tied more closely to commitments to be actively seeking work or to retrain, and health care spending has been capped. In Sweden, financial pressures on the welfare state have led to reductions in the compensation payments for those on leave from 80 to 75 per cent at the end of 1995 (the same level of wage replacement for those receiving sick pay or unemployment insurance), as part of a much broader programme of welfare cuts aimed at reducing the total government deficit from 13 per cent of GNP in 1994, to 7 per cent in 1997.

Concern has been raised over the possible implications for male participation of lower rates of wage replacement. Men’s tendency to take leave is influenced by relative income levels. While Swedish professional and managerial men take above average periods of leave, this is mainly because their partner’s job status is similar (in both income and status) to their own. But for the vast majority of couples, the man is still the higher earner and thus reduced levels of compensation adversely affect male participation. The presence of a ceiling of $37,000 on replaceable income also acts as a further disincentive for high-earning men.

These recent reductions in payment represent a retreat from the central goal of the Swedish scheme – namely progress towards a society free from gender inequalities – and illustrate the tension between political realities and the ideal. That said, there are currently no plans to alter the length of leave, nor to change the non-transferable periods of leave available to both parents. Indeed the Swedish Social Democratic Party is still committed to extending leave to one and a half years.

In Germany there have been similar pressures. Leave payments have been cut recently, and a ceiling imposed on joint family income so that the parent on leave no longer receives his/her full entitlement if the working partner earns over a certain amount. Moreover, women who have never worked, or have not worked for a considerable length of time, will not receive any extra money while child-rearing. Ever since its inception the German scheme has been oriented towards women: virtually the only men participating are either students or unemployed. Cuts in allowance
payments alongside an extension of the leave period to 3 years has clearly marked the scheme out as a female preserve and there is a danger that this will aggravate the segregation of women in the labour market as well as impairing female access to many professional and managerial posts where they are already seriously under-represented.\textsuperscript{113}

Hungary is the most extreme example of cost cutting. Prompted by a gross foreign debt of $28.5 billion in 1994, radical steps to cut public spending were set in motion and by March 1995 (and on the verge of bankruptcy) the government decided to implement harsh austerity measures. Among the casualties were family allowances for families earning over a certain amount, all child-care benefits (including the scrapping of the parental leave programme), and free places at universities and colleges.\textsuperscript{114}

\textbf{Unemployment and Parental Leave}

Other countries have been quick to see the potential for parental leave programmes to open up job opportunities for unemployed people. In Denmark a supplementary scheme of parental leave was developed in 1992 making an extra 13–36 weeks available to employed parents if the employer was willing to give his/her consent and would employ an unemployed person instead. As of 1994, this was increased to a maximum 52 extra weeks of leave which would be made available to all people in employment (as well as unemployed people) to use either as extra parental leave or as sabbatical or training leave (although in the latter cases there is no job protection). Government subsidies are also provided if an unemployed person replaces the leave-taker. The Belgian scheme of sabbatical leave – which incorporates parental leave as a specific sabbatical option – also operates on similar principles, although the level of benefit is substantially lower than in Denmark.\textsuperscript{115}

A recent report to the Canadian government also emphasised this potential function of parental leave, while acknowledging that there would only be a ‘modest potential for expanding employment’.\textsuperscript{116} The report suggests that in addition to the right to take parental leave – which is part of the unemployment insurance scheme – an additional period of unpaid leave should be offered, similar to the standard of 34 weeks leave instituted in Quebec.
It is important to point out that programmes to encourage job replacement in the past have generally failed. Many Western European countries introduced schemes aimed at promoting early retirement in the 1970s and 1980s but these were costly, and tended to lead to the subsidised employment of those who would have been employed in any case. In Sweden, following the recession of the late 1980s, employers have been increasingly unwilling to replace employees on leave. Moreover rising stress and working hours for those who remain has led to some resentment towards parents on leave, which may partially be responsible for the stagnation in male participation prior to 1994.

**Support for schemes**

Despite planned cuts in many programmes, no country outside Eastern Europe looks set to axe parental leave. Where the scheme has been in existence for a number of years – such as Sweden and Norway – support is virtually unanimous. The furore in Sweden surrounding the recent case of a mother on leave whose job was eliminated as part of an organisational ‘restructure’ and whose case has now been referred to a court of labour law testifies to this.

Even if the earlier transformative vision of equal parenthood remains somewhat elusive, political concerns about family instability and relationship breakdown are generating new sources of support for leave schemes. No party in the German Bundestag opposed the legislation on parental leave passed in 1985 (the Green Party abstained), and the majority view in all the main political parties was that paid leave would reduce family fragmentation, relieve stress, and increase the prestige and self-esteem of housewives, who would be viewed as professionals in their own right. The governing Christian Democrat Party has succeeded in further moulding the scheme in its own ideological image by extending leave to 3 years in length. Despite recent reductions in the level of compensation payments, the German scheme, like those in Scandinavia is not under any threat of abolition.

Moreover although we have described some of the financial constraints which are being brought to bear on schemes in Sweden and Germany, elsewhere countries have recently strengthened or are intending to strengthen their leave programmes. Spain for example extended its
period of leave in an attempt to raise male participation. The effects of this are already apparent in Norway where the number of fathers taking paid parental leave has increased from 2 per cent in 1991 to 33 per cent in 1993, outstripping the progress made over the years since 1974 when Sweden introduced its parental leave system.

The Federal Government in Australia has also extended coverage for parents through the introduction of a Parenting Allowance, as part of a wide-ranging reform of employment and benefit policy. This is distinct from the current programme of unpaid, job-protected parental leave, and is virtually entirely directed towards mothers. It is intended to be ‘a suitable payment for those spouses whose primary activity is caring for children … [providing] an independent source of income for the partner caring for children and some financial recognition of the valuable work of the carer’. Finally Portugal can lay claim to the most recent upgrading in its leave programme: from June 1995, 100 per cent wage replacement will be paid to parents on leave, for a total of 98 days.

Who pays the price?

Perhaps the bigger issue behind the question of parental leave is where the burden should fall. Who should pay for it and why? In practice the burden is always shared between individuals, employers and the state. But different schemes involve very different balances of cost. Moreover, clarity about the philosophical issues involved is crucial to framing effective and legitimate policy.

– The principles behind different funding options

Placing the burden on parents: individual responsibility
If children are a ‘private good’ then the cost of parental leave should fall entirely on parents. Given that many parents describe their motives for having children in terms of the quality of the experience it gives them, there is some basis for this view. A strict individualist libertarianism would argue that there is no reason why non-parents should subsidise those who choose to have children (a similar argument might apply to schools). If this view of individual responsibility is accepted,
the public policy questions essentially revolve around making it easier for parents to carry the cost, for example through loans, individual insurance or other schemes for personal finance.

Parental leave would be treated similarly to other needs such as mortgages for housing, insurance against sickness, or savings for an express purpose. The extent to which parenting should be considered as something to be insured against, as a planned choice or something to be borrowed for, is of course debatable: but the principle of individual parental responsibility is fairly clear.

Placing the burden on employers: Parental leave as part of occupational welfare
Clearly properly brought up children are the employees of the future; in this sense there may be some justification for making current employers bear some of the costs of parental leave. In practice however the argument has tended to develop out of broader occupational welfare arguments – the view that employers have a series of social obligations that they must meet in return for being able to make use of employees who have been nurtured and educated often at considerable public expense.

In practice costs to employers arise from parental leave regardless of the method of funding. These costs include the recruitment of a suitable substitute employee, training for the temporary employee, and the possible loss of productivity which results. Governments which have guaranteed the right to parental leave (even if unpaid) have in effect placed a burden onto employers.

Depending on the funding arrangement, the burden on employers can be very substantial. The national social insurance model used to finance leave in the Scandinavian countries places the burden of funding largely on employers. In Sweden, over 50 per cent of the expenditure of the insurance scheme is met through a pay-roll tax on employers. Not only does this impose a heavy burden on employers, these costs can also prejudice potential parents chances of getting a job. A recent study of the impact of job-protected leave on incomes and employment in 17 developed countries between 1966 and 1988 for example found that entitlement to lengthy periods of leave actually depressed employment.119
However, there is some evidence to suggest that there are costs to employers in not providing leave, such as losses in productivity, and the potentially disruptive use of paid leave or days off for personal sickness. Studies in Denmark have shown how such informal methods of taking leave are commonplace, especially for fathers.120 Other studies have shown that parental leave schemes not only minimise costs, they also bring benefits: a number of studies have found that family friendly initiatives in companies including parental leave schemes, can actually enhance employee commitment and improve workplace productivity.121

*Placing the burden on the taxpayer: collective responsibility*

In almost all schemes some of the costs are borne by the state. This is justified on the basis that children are a public good, and that there is a general interest in their proper upbringing. This is partly a practical argument: failure to bring children up well results in higher levels of crime, truancy, drug abuse and other anti-social behaviour that loads costs onto the state later on. But it is also a moral one, viewing the state as the guardian of an implicit inter-generational contract that requires current taxpayers to guarantee the economic base for future generations.

Both arguments justify ensuring that the system of leave is universal, accessible to people working for small firms or the self-employed as well as those employed by big firms.

There may also be other pragmatic ‘public good’ arguments for government support. Although many business organisations in the UK fear that even three months unpaid parental leave will create unemployment,122 a recent study of the experience of 17 countries with job-protected leave schemes shows that short to moderate periods of leave (paid and unpaid) actually increased employment and incomes and the beneficial effects of parental leave were predicted to spread over a period of months (well beyond 14 weeks).123 Moreover, there is also a body of evidence which shows that policies for effective parenting, of which parental leave might be considered one part, provide benefits to society as a whole in nurturing balanced and secure individuals, rather than anti-social ones.

These three approaches are often combined in the specific policy options. But in each case it is important to be clear about how the burden is
spread. In this section we set out some of the main funding alternatives – some familiar, some much less so.

– Individual responsibility

The first set of options essentially leave responsibility with parents. The state’s role is to guarantee the right to parental leave, and in some cases to provide some modest subsidy to help individuals to pay for their own support. There are a variety of ways of funding leave in this way.

Loans to parents

A loans system would place financial responsibility firmly on the individual’s shoulders. Parents could be paid a weekly sum, related to their previous levels of income (or, in the case of unemployed parents, above their previous levels of social assistance). Following leave, the sum could be paid back over a period of years, perhaps at a subsidised interest rate.

The Student Loans system operating in the UK is one example of how such a scheme could work. Take-up of loans among students has now reached 51 per cent (an estimated 966,000 students) – with an average loan of £983. Payments to students since the scheme began (in 1990) have totalled around £750 million, with just under £50 million repaid annually to the operating company.

In the case of parental leave loans, different weekly payments could be made available to parents wishing to take leave, with a maximum rate of 100 per cent wage replacement. A minimum weekly rate would be payable to unemployed parents, though it might be felt necessary to restrict eligibility for this to the first child. The loan could then be repaid through employee contributions collected either by the Inland Revenue or National Insurance over a period of 10 or 20 years.

There could be discretion over the rate and pace of repayment. Those who are either unemployed following leave, or who remain on low-income could be exempt from making contributions towards repayment. A similar provision applies to those taking out student loans: if the gross income of the debtor is below 85 per cent of national average
earnings – including unemployment and social security benefits – repayments can be deferred (and are cancelled after 25 years, whatever the level of previous repayment).

This sort of model has several advantages: in principle nobody is excluded from taking leave so the scheme is very equitable. It also has the potential to provide good levels of wage replacement, and yet it does not put excessive burdens on either public expenditure or employers. In short, it guarantees a universal right together with individual responsibility for funding.

But this model of financing might not transfer easily from students to parents. To achieve significant income replacement, the sums involved may well be quite large, and, as yet, the tax and national insurance systems have not been properly reengineered to cope with loans and repayments. The addition of extra repayments to be taken from the wage bill would also probably compound the ‘poverty trap’, by adding a further incentive to unemployed parents not to return to work or to look for a job with a modest salary (both because of the withdrawal of benefits, and the immediate imposition of repayments). In addition, the reduction in resources – spread over several years – would probably act as a strong disincentive to parents on average or lower incomes, who might feel that the cost of parental leave simply renders it an unnecessary luxury.

**Personal Parental Plan**

The personal pensions market offers another funding model. Portions both of the employee’s and employer’s salary could be placed into a fund tax-free as a form of ‘Personal Parental Plan’. It is conceivable that a personal parental plan could be fixed to a portable pension scheme (so that time taken out for parental leave would reduce the resources available for old age) which could then be replenished later in life. Unapproved pension schemes, from which employees would be able to withdraw tax-free lump sums for periods of leave could also be applied to the concept of parental leave. No national insurance would be paid on these contributions, and such funds could grow largely untaxed (except possibly for basic tax on growth of 24 per cent). Martin Kaye’s appendix to this report discusses a number of these different options for tax relief and fund creation.
The cost to government of instituting these schemes would be relatively small, and the financial harm to participating companies minimal. But the reach of this scheme – similar to the reach of private pensions – would be limited. In order to set aside enough money to cover nearly complete wage replacement during a period of leave, employees would have to start contributing from an early age (possibly as early as 18), and postpone childbirth until sufficient funds have been amassed.

This poses several problems. At such a young age, many young people might not be certain enough about their plans for ‘home-building’ to want to pay contributions so far in advance. Even those that were sure of their desire to have children and to take leave may not actually do so. In other words, flexibility would have to be built into such a scheme to be viable by, for example, allowing funds to be drawn down as a form of sabbatical leave, a lump-sum payment upon retirement, or an additional pension payment. Moreover tax-relief and the organisation of such schemes would be complex, and the parental side of their objectives obscured. In effect, they would be personal, portable ‘time banks’.

Clearly, too, many unemployed, temporarily employed and casual workers would be excluded. Part-time workers might well not have access to a ‘parental plan’; and those who are low-paid would be unable to meet the demand for extra contributions. Parental plans may, like personal pensions, incorporate few people beyond the managerial and professional classes. To incorporate these people, a form of cross-subsidy between funds would be desirable – but given the need to incorporate flexibility of funding (and thus the gradual accumulation of personal resources), the possibilities for this would be very limited.

Parental Clubs

Another alternative which still places prime responsibility for funding on individuals is the ‘club’ model, the best examples of which are Health Maintenance Organizations in the USA. These organizations have existed for a number of years, but rapidly grew in number during the 1980s. Their aim is to provide health care on a different basis from conventional ‘fees for service’ (largely paid through insurance). Members of HMOs subscribe to a plan – guaranteeing provision from local health care centres and hospitals – by making a prospective payment. From the
plan, subscribers receive primary and secondary care as and when necessary. Since the insurance ‘middle-man’ is eliminated, over-provision should be prevented and incentives increased for physicians to keep their patients healthy. The relative success and efficiency of these models encouraged the Clintons to put them at the forefront of health reform.

Parental Clubs could be arranged in a similar way. An initial payment (with further annual contributions) would guarantee coverage during leave of a certain level – with grades of coverage perhaps connected to levels of payment. One of the advantages of this club model, aside from the possibility of cross-subsidisation from richer contributors to poorer ones, is the opportunity to graft other forms of leave and provision into the ‘club’. A parental organisation could buy in support, childcare, advice, and even expand into counselling for other forms of leave (career breaks, for example, or training).

The Parental Club, like the HMO model runs the risk of becoming exclusive unless the government is willing to support the membership of those on lower incomes. Richer couples would be likely to resist putting their money into plans that would fund leave for those poorer than themselves. Payment for leave would also depend upon payment prior to pregnancy.

- Employer responsibility

In principle it is not difficult for governments to require employers to carry a substantial proportion of the burden of parental leave. Germany operates a system of maternity leave along these lines: employers have to make up the difference between the state benefit and the employee’s average earnings and in Sweden’s social insurance model, over 50 per cent of the expenditure of the insurance scheme is met by a pay-roll tax on employers.

It is not hard to imagine a range of financial mechanisms whereby employers could voluntarily contribute to parental leave as part of occupational welfare packages designed to attract employees. A number of companies in the UK provide maternity benefits at a higher level than statutory entitlements (and some even offer a form of parental leave) although these offers tend to be restricted to prestigious and
profitable organisations (such as Littlewoods, Marks & Spencer and the Open University).

The central difficulty with any compulsion on employers is that business will see any imposition as a threat to competitiveness (although in properly functioning markets the cost would in time come out of the wages and salary bill.) Politically the most vocal opposition is likely to come from small business. The dilemma of course is that if small firms are excluded (as they are under US legislation on Family Leave, with similar allowances for small businesses under French law), then not only are many employees left out, there are also distorting incentives for firms to contract functions out.

– Collective responsibility

Clearly any tax incentive or indirect subsidy for parental leave is an expression of collective responsibility. But the main ways for governments to support leave go beyond this. There are four broad categories of policy.

- Income support. Subject to means testing parents taking leave would be entitled to additional support on top of other benefits. This would be a genuine form of income support; it might for example be open only to employees earning under a certain ceiling.

- Universal entitlement funded by general taxation. This has been the approach in some of the north European countries. As we have seen it is inherently costly: one study estimated that a programme of leave for working parents in the UK which would also cover care for sick children would cost the equivalent of a rise in 7 per cent in national insurance contributions with full wage replacement (although this fell to only 0.7 per cent with a low flat-rate payment instead).^{125}

- Universal entitlement funded out of social insurance, whether primarily paid by employers or employees. The virtue of funding out of insurance is that it makes the connections between payments and benefits somewhat more transparent than funding out of general taxation.
• More individualised social insurance schemes. These enable parents to draw down payments to cover parental leave subject to earlier contributions. Singapore’s Central Provident Fund is a model which could be adapted to parental leave since it allows contributors to draw down funds for such purposes as house purchase, pensions and even buying shares. Contributions are compulsory for all employers and employees regardless of status. Collective responsibility is thus combined with a degree of individual autonomy.

Conclusion

In our view, although any scheme for parental leave will be a hybrid, involving commitments from parents, employers as well as the state, the philosophical case for collective responsibility is likely to grow in importance in the years ahead.

There are two main reasons for this. The first is growing awareness of the social costs of poorly brought up children, and recognition that parental leave can help. The second is greater awareness of the potential demographic problems being stored up if the failure to value parenting properly leads to a declining birthrate.

In the next phases of the project, we are therefore examining ways of marrying collective responsibility – through various forms of insurance model – with a degree of individual and employer responsibility.

But any viable scheme for the UK also needs to meet several other criteria:

• It needs to involve a significant level of wage replacement together with job protection. Without wage replacement it is hard for most people to take up parental leave options. However in any scheme there must be a tapering of replacement, with a declining percentage of replacement the longer leave is taken.

• It needs to be universal, offering opportunities not only for employees of large firms but also employees of small firms and the self-employed.
• It needs to be flexible, offering a range of options that parents can customise to their own needs. Norway for example offers 100 different ways of combining leave and remuneration.

• It should be able to cover at least one year per parent. The leave period should cover that period of time which is essential for achieving secure attachments with children (most experts agree that although the first three years are important, the first year is the most essential. Thus with two parents leave should be able to cover the first 1–2 years of a child’s life.)

• Its costs need to be containable. If the burden on employers is too high the scheme will prove unsustainable (although it is worth noting that in many countries employers’ opposition to schemes has evaporated once they are in place).

• It needs to be an individual leave entitlement that cannot be shared between mother and father, or, at the very least, there needs to be a non-transferable element. Without this, it will become an extended form of maternity leave and could weaken, rather than strengthen, women’s position in the labour market. Moreover, its potential role in furthering the shift to shared parenting responsibilities would be lost.

If the UK fails to design an effective scheme for parental leave and if it recontinues to follow an essentially laissez-faire approach, we should expect to see growing costs and problems in the years ahead:

• A series of problems that will arise from badly-reared children, who will lack in attachment, self-confidence and esteem.

• Profound funding and societal problems if in a few decades time there are insufficient workers to sustain an ageing population. Already a fifth of young women say that they expect to remain childless, and those that are having children are having fewer and later.

• Profound frustration, particularly among women, at the failure of government and politicians to respond to their needs, frustration which will exacerbate tensions in relationships and contribute to a further fragmentation of the family.
The core of the problem is that we have not put a proper value on parenting. The drift of public policy has been towards treating children as private goods and lifestyle choices whose costs should be borne solely by parents – rather than as public goods whose cost should be shared more widely. In our view this is neither philosophically nor politically sustainable. There is no more basic obligation for any society than that of creating and bringing up successor generations. Today’s children are after all tomorrow’s workers. It is not just that the investment that we make today will pay dividends in the long run. It is also that childrearing is part of the implicit contract between the generations, part of what defines any community or nation.

Politicians in Britain on all sides of the political spectrum espouse the rhetoric of family values, and are at the same time emphasising parental responsibility. This emphasis on parental responsibility now needs to be matched by a commitment to parental rights.

In the years ahead, politicians in Britain on all sides of the political spectrum will find that the litmus test of their commitment to family values is some commitment to parental leave. In the final report of this project, we will be setting out our views as to the most appropriate policy package for the UK in the late 1990s. We will be doing so on the basis of a detailed costing analysis of the likely impact on individuals, employers and tax-payers as a whole. We will also be looking in more detail at the benefits that are likely to accrue from some right to parental leave.

This report has had a more modest aim: to describe experience elsewhere, to explain why parental leave is set to be a central part of political debate in the years ahead and to draw out some of the main lessons for the UK.
Appendix I – A Chronology of Parental Leave

1974  Sweden introduced the first system of parental leave. Initially, leave lasted for 6 months

1977  Italy introduced parental leave for fathers (leave for mothers was covered by a law of 1971)

1978  Finland and Norway introduced parental leave

1979  Right to a 6-hour working day for parents of small children introduced in Sweden

1980  Iceland introduced parental leave

1984  Denmark, France, Greece and Portugal introduced parental leave

1985  West Germany introduced parental leave
      European Council of Ministers failed to reach agreement on draft proposal for Parental Leave
      Belgium introduced sabbatical leave – which may cover parental leave

1988  Right to parental leave in Greece extended to public sector

1989  Spain introduced parental leave

1991  Netherlands introduced parental leave

1992  Family and Medical Leave Act passed in the United States

1993  Norway introduced the first non-transferable period of parental leave for fathers
      Australia introduced parental leave

1995  EU directive on three months unpaid leave
Appendix II – Assisting Parental Leave Through Tax Relief by Martin Kaye from BDO Stoy Hayward

1 Purpose of report

1.1 This appendix examines the case for assisting parents with parental leave (both maternity and paternity leave) through various tax reliefs. It does not consider ways of the State increasing maternity benefits, nor does it draw upon precedents from around the world of parental leave being facilitated through the tax system.

1.2 Instead, this is intended to be a ‘brainstorm’ document of tax relief ideas which can then be discussed with companies, individuals, possibly the Treasury and any other interested parties, to assess whether any of them can be taken further.

1.3 The masculine pronoun has been used throughout. This is not meant to offend, but instead is used to avoid cumbersome English.

1.4 In order to simplify the discussion, the tax analysis below is based on employees being employed by a company rather than, for example, by a partnership.

2 Political context

2.1 It is worth discussing the political context in which any tax reliefs would be introduced. To simplify the discussion, we will ignore the forthcoming Election and the possibility of a change of Government although it is worth saying that the prospect of a Labour Government would not dramatically affect the context in which tax reliefs would be introduced.

2.2 At present, the system of statutory maternity pay involves payments for approximately 275,000 working mothers each year. The standard rate of statutory maternity pay is £52.50 a week but during the first six weeks the employee is entitled to 90 per cent of earnings if that figure is higher than £52.50. The standard rate then applies for the next 12 weeks. (There are other conditions to comply with.)

2.3 Companies that paid less than £20,000 per annum in national insurance contributions get all maternity pay refunded plus a
5 per cent uplift, whereas larger employers get a reimbursement of 92 per cent of the payments.

2.4 This costs the Exchequer some £450 million a year and there has recently been, rumours of the Government’s wanting to switch this bill to employers. However, in September 1995 John Major ruled this out and it seems like the present system is to be preserved.

2.5 Any thought of bringing in tax reliefs to further assist parental leave must therefore be considered in the context of the present cost of statutory maternity pay to the Exchequer. It was interesting, however, that on 19 September 1995 David Shaw MP, a member of the Social Security Select Committee and Chairman and Vice-Chairman, respectively, of the Conservative Back-bench Smaller Businesses and Finance Committees, said:

‘Perhaps in the longer term it might be possible for people to make [maternity] provision themselves and for the state to be less involved, but that would have to be some sort of tax relief system.’

2.6 In the context in which he said this, he may have had in mind tax relief being introduced and statutory maternity pay being reduced as a quid pro quo. Nevertheless, it is helpful that tax reliefs are on the political agenda and the main challenge is to get these tax reliefs introduced without a corresponding reduction in statutory maternity payments. The other challenge is to widen the debate away from maternity pay/leave and on to one about the whole question of parental leave.

3 Parental Leave Trust – Version 1

3.1 This could be modelled on an unapproved pension arrangement. It may be helpful therefore to examine how unapproved pension arrangements work first.

3.2 Under an unapproved pension arrangement, unlimited sums can be paid into the scheme for an individual. The company obtains corporation tax relief on the payment to the trust. The individual is liable to income tax in the normal way, i.e., the sum paid into his fund is treated as if it was a salary payment. However, there are no
employer’s or employee’s national insurance contributions due on the payment.

3.3 Furthermore, after the amount is paid into the unapproved pension trust, any future income and capital gains made in the trust on investment and realisations are taxed at only 24 per cent rather than the individual’s marginal rate of tax, which will usually be 40 per cent.

3.4 Provided the funds are taken out as a lump sum, the individual suffers no further income tax on drawing the money out. There is some uncertainty as to the date on which the funds can be drawn out of the unapproved pension trust by the individual. We understand the Inland Revenue’s current view is that this cannot be until the normal retirement date of the individual concerned.

3.5 Turning to the idea of a parental leave trust, the main thing we would have to change is not to have earmarked funds, but instead to have one global trust arrangement in the company, because by the time the company knows which individuals it had to earmark funds for, it would be too late to fund that individual’s trust. So instead, the company would pay funds into a global parental plan trust and obtain corporation tax relief on the payments. As the funds would not be earmarked for particular individuals at that point, we would need to apply a notional rate of income tax. Ideally, this would be set at only (say) 24 per cent to act as one inducement for the arrangements.

3.6 The main inducement, however, could be that there is no employer’s or employee’s national insurance due on the payment by the company into the global trust. Also, the investment income, and gains on any realisations, could be taxed at only (say) 24 per cent.

3.7 Finally, there could be a provision that in the event of a company granting extended parental leave to an individual, the company can pay funds from the trust to the individual tax-free up to a certain limit. (Unlike unapproved pension schemes, regular, ie not just lump sums (see 3.4 above), tax-free payments would need to be permitted.)

3.8 The limit referred to in 3.7 could be expressed in the following way: payment from the trust should not exceed an amount which,
when aggregated with any salary continuing to be paid together with the State maternity payments, does not exceed the previous monthly salary or weekly wages of the individual. (There may also have to be a limit on the length of parental leave.)

4 Parental Leave Trust – Version II

4.1 A variation of the idea in 3 above would be another global parental leave trust, but in this case there would be no income tax payable on payments into the trust, nor would there be income tax or capital gains tax on the income growth or realisations in the trust. In other words, in the same way that the parental leave trust arrangement in 3 above is similar to an unapproved pension arrangement, this idea would be very similar to an approved pension arrangement. As for the idea in 3 above, there would have to be various limits on this relief.

4.2 This idea would potentially lead to a greater tax cost for the Exchequer than 3 above and for that reason might be unacceptable.

5 Enhanced tax relief

5.1 Under this idea, employers would pay salaries and wages during periods of enhanced parental leave and would be able to claim enhanced tax relief on these payments, up to a limit. By enhanced tax relief, we mean that for every £100 payment there would not just be a £100 tax deduction but instead, say, a £150 tax deduction.

5.2 If, for example, the employing entity is a company subject to the small rate of corporation tax of 24 per cent and the enhanced tax relief is as given in the example at 5.1 above, ie a 50 per cent uplift, then a £100 parental leave payment would cost the company, net of tax relief, £64.00 instead of £76.

5.3 The £64.00 is made up as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Cost of parental leave payment</td>
<td>£100.00</td>
</tr>
<tr>
<td>Less: 24 per cent of £150</td>
<td>£36.00</td>
</tr>
<tr>
<td><strong>£64.00</strong></td>
<td></td>
</tr>
</tbody>
</table>
5.4 The £76 is made up as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of parental leave payment</td>
<td>100.00</td>
</tr>
<tr>
<td>Less: 24 per cent thereof</td>
<td>24.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£76.00</strong></td>
</tr>
</tbody>
</table>

5.5 One disadvantage with this idea is that employers would have to wait up to about 21 months in some cases to see the tax relief through a reduced corporation tax payment. The way around that problem might be to give them the enhanced corporation tax relief at source, eg by allowing the employing entity to retain some of the PAYE income tax deducted from the payments to the individual.

5.6 There are precedents of enhanced tax relief being given in order to encourage particular behaviour. For example, in the Republic of Ireland special accelerated allowances of up to 120 per cent of expenditure are available for mining exploration.

6 Tax-free parental leave payments

6.1 Under this idea, employers would pay enhanced parental leave payments to individuals and these would be tax-free in the hands of the individual, up to a limit. Furthermore, there would be no employee’s national insurance.

6.2 This idea could produce benefits in one or two ways. First, if employers maintain the previous level of parental leave payments, then the receipt of those payments gross will give the individual more funds and enable him, perhaps, to take a longer period of time off without remuneration.

6.3 The other possibility is that employers will extend the period over which they pay parental leave but reduce the amounts rateably. As the sums will be tax-free, the individuals will receive the same amount net but over a longer period.

7 Exempt savings vehicle

7.1 Under this idea, individuals would be able to put funds, up to a limit, into a particular investment vehicle, perhaps operated by a bank or building society, and the investment growth would be
completely tax-free provided the sums were used for cost of living and maintenance etc during a period of parental leave.

7.2 There are, however, two problems with this idea which might make it unworkable.

7.3 First, if the individual does not have any children and therefore does not take any parental leave, the money would be locked into the savings vehicle. It could perhaps be provided that the sums could be taken out during a sabbatical, for training or education, or alternatively on retirement. Neither of these solutions are perfect.

7.4 The second problem is that the Inland Revenue may well consider that this idea is open to abuse. For example, husbands could set up this tax-free savings vehicle and then when their wife gave birth, they might carry on working but simply draw out the tax-free amounts. Some consideration would need to be given to monitoring the potential for abuse.

8 Increased tax allowances

8.1 This idea is similar to the idea in 6 above of parental leave payments being tax-free, except that if tax allowances were increased this could give assistance even in those cases where there were no parental leave payments. This is because the increased tax allowance could lead to refund of income tax paid on previous earnings, subject to timing. By ‘timing’ we mean that if parental leave payments are in a tax year where there is no other income there may not be any income against which to claim a tax refund. Accordingly, the increased tax allowances might have to be capable of being carried back to the previous year.

8.2 Alternatively, the increased tax allowance could be allocated to the spouse who is remaining in employment, although this would go against the principle of giving assistance to the individual actually taking the parental leave.
Notes

1. This prediction was made in the Family Policy Studies Centre Bulletin in April 1995 and was reported in several national newspapers including: *The Guardian*, 10 April 1995 and *The Independent*, 10 April 1995.


3. One hour in 1990 was twenty five times more productive than one hour in 1830. See: *The time squeeze*, 1995, Quarterly, Issue 5, Demos, London.


8. This ideological basis has been eroded by the mere existence, however low level, of some form of subsidised childcare provision by the state.

9. October 1994 saw the introduction of one modest measure in this direction (a disregard of childcare expenditure in Family Credit Assessment) and the promise of a much more substantial change – the phased extension on a voluntary basis of nursery education to all four year olds. Both the major opposition parties have supported more nurseries, for both three and four years olds, with the Liberal Democrats also calling for a system of childcare vouchers.


19. Joshi, H., & Paci, P., 1995, *Wage differentials between men and women*, Department of Employment, London. This research shows that women who return to work within the timescale are less likely to suffer disparities in pay than women who have been unable to take job protected leave and who have had to temporarily exit the workforce.


46. This is according to figures provided by Penny Mansfield, Deputy Director of One Plus One.


48. See for example: Gallinsky, E., Howes, C., Kontos, S., and Shinn, M., 1994, *The study of children in family child care and relative care*, Families and Work Institute, New York. This study found that fewer than one fourth of the grandparents concerned saw childcare as their chosen job with 60 per cent of the grandparents in the sample admitting that they were taking care of the children to help out the mothers rather than because they necessarily wanted to care for the children.


55. See: Duncan, A., Giles, C., and Webb, S., 1995, *The impact of subsidising child care*, Equal Opportunities Commission, Manchester; ix. This was one of the two main benefits advanced for some form of subsidised childcare.


61. Duncan, A., Giles, C., and Webb, S., 1995, *The impact of subsidising child care*, Equal Opportunities Commission, Manchester. This study found that a benefit disregard for family credit positively affected lone mothers’ employment prospects and cost the Government little or nothing. It also concluded that other targeted subsidies could enhance the employment potential of women without imposing significant costs to the Exchequer: for example a direct subsidy for actual childcare costs in the form of vouchers targeted specifically at people earning less than £200 a week, would cost £200 million but would impact positively on lone parents’ employment levels.


64. Duncan, A., Giles, C., and Webb, S., 1995, *The impact of subsidising child care*, Equal Opportunities Commission, Manchester; pix and see also Chapter 3. In their review on studies which have examined the social and educational benefits of childcare for pre-school children, the authors note that it is important for the nursery education to be of high quality or else the outcomes might indeed be the reverse.

65. For a review of the costs of childcare and the distribution of these costs among different groups see: Brannen, J., Meszaros, G., Moss, P., and Poland, G., 1994,


68. See for example, Starting points: meeting the needs of our youngest children, 1994, Carnegie Corporation of New York and also: Blau, F.D. and Grossberg, A.J., 1992, ‘Maternal Labor supply and children’s cognitive development’, Review of economics and statistics. It is important to recognise that full-time parenting in the early years of a child’s life is only likely to be in the child’s interests, if it is chosen and desired. If people are parenting when they would rather be out at work, the quality of parenting is likely to suffer. See for example, Murray, L., 1995, ‘The politics of attachment’, Soundings, Issue 1, London.

69. Gallinsky, E., Howes, C., Kontos, S., and Shinn, M., 1994, The study of children in family child care and relative care, Families and Work Institute, New York. Quality of care is determined by the degree to which the carer is child-focused and actually wants to be looking after the child.


72. Crompton, R., 1994, Paying the price of care: comparative studies of women’s employment and the value of caring, Working Paper 4, Demos. If there is a price to be paid it is in the high degree of segregation by sex within the Norwegian occupational sector.


74. The schemes are most effective if wage replacement is included and if the leave is non transferable between the father and mother. Parental leave would be an important tool of social engineering by the state to facilitate this process of attitudinal and behavioural change. On the attitudinal evidence see: Brannen, J., Meszaros, C., Moss, P., and Poland, G., 1994, Employment and family life: a review of research in the UK (1980–1994), Employment Department, Research Series No 41, London; 32–37 and also: Wilkinson, H., and Mulgan, G., 1995, Freedom’s children: work, relationships and politics for 18–34 year olds in Britain today, Demos, London.

76. The experience of countries as diverse as America and Sweden suggests that parental leave take up by men is generally very low at the beginning and is limited to a few weeks.


81. Information provided by the Swedish Embassy.


98. For a detailed analysis of these issues see *The time squeeze*, 1995, Quarterly, Issue 5, Demos, London.


102. Lewis, J., 1993, ‘Women, work, family and social policies in Europe’, in *Women and social policies in Europe*, Edward Elgar, Aldershot. Lewis is quoting from a study in 1990. Both Germany and Britain lag behind in this respect: with estimates of earnings foregone by women who have had children being as much as 50 per cent of income.


113. In addition to Sweden and Germany, compensation for those on leave in due to be reduced to 60 per cent (from 70 per cent) of the maximum rate of unemployment benefit in Denmark from April 1997. Plans to cut spending in Finland over the next 4 years by £2.9 billion may well lead to cuts in Maternity, Paternity and Parent’s Allowances.


116. *Report of the advisory group on working time and the distribution of work*, 1994, Minister of Supply and Services, Quebec; 60.


118. The allowance is subject to an income test, both on the individual claiming it and on the income earned by the partner (though predominantly on the former).


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