

SEMINAR 5 FAMILY POLICY

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FAMILY POLICY

- Family policy constitutes a collection of separate but **interrelated** policy choices that aim to address problems that families are perceived as experiencing in society (Zimmerman, 1995)
- The problems can be: poverty, homelessness, unemployment, lack of affordable childcare, poor health, family breakup, long-term care, drug abuse, alcohol abuse, violence/crime, welfare dependency, unwed parenthood, domestic violence, lack of affordable health care, suicide, abortion, lack of sex education in the schools, sex/race discrimination, work demand, deteriorating family values, etc
- Family policies are “everything that government does to and for the family” (Kamerman and Kahn 1978: 3, cited by Neyer and Andersson 2008: 701).”



MAIN GOALS

Thévenon's (2011) identified six main aims of policies supporting families in the OECD countries:

1. **Poverty reduction and income maintenance** through allocation of benefits to lower-income families. (e.g., housing benefits)
2. **Direct compensation for the economic cost of children** through allocation of cash benefits, fiscal transfers, tax advantages and other benefits (e.g., reduced fees or public transport subsidies) to families.
3. **Fostering employment**, especially among mothers, via parental leave entitlement, childcare provision, part-time and flexible working time regulations, and a tax and benefit system that supports working parents



MAIN GOALS

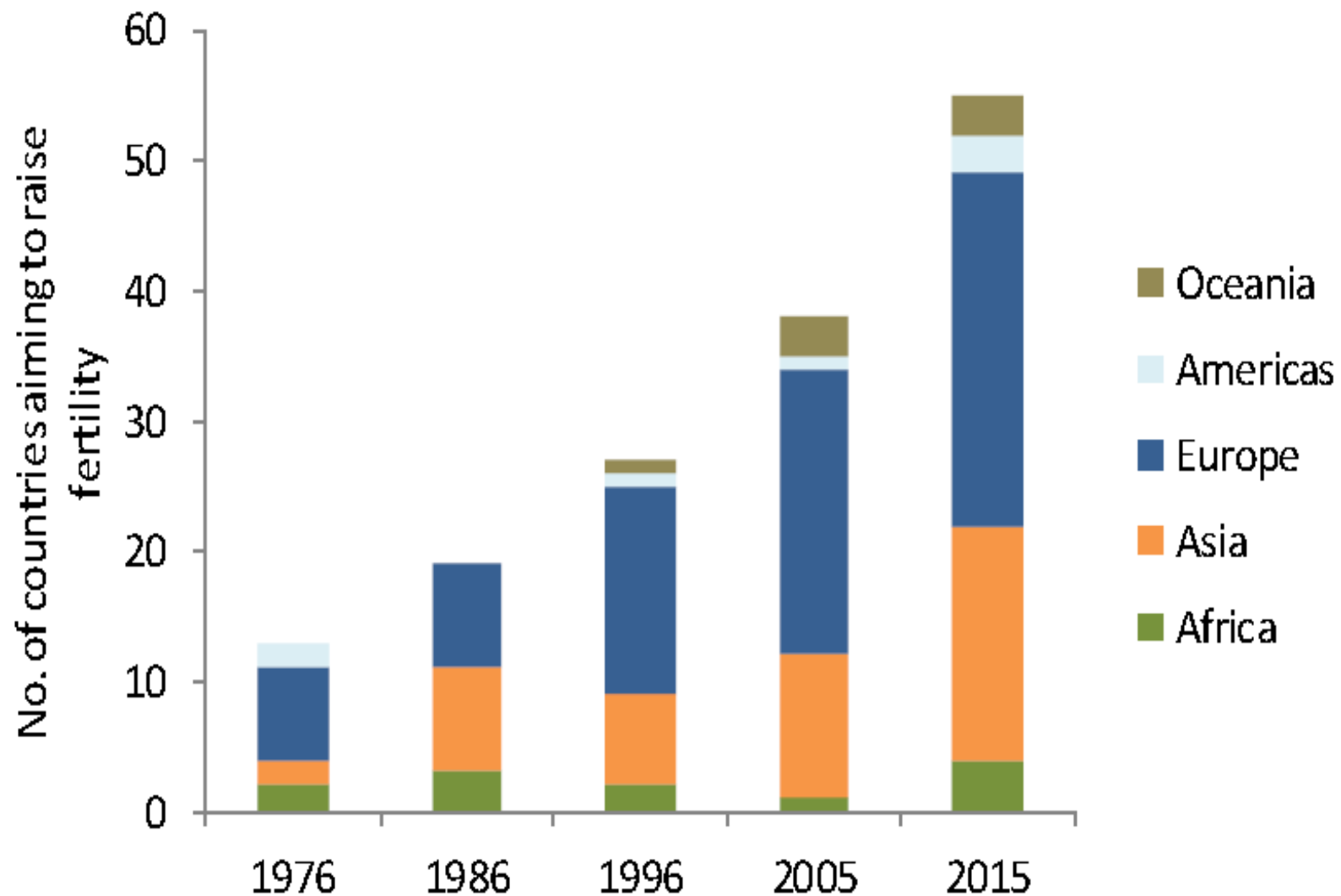
Thévenon's (2011) identified six main aims of policies supporting families in the OECD countries: :

4. Improving gender equality, by promoting equal sharing of paid and unpaid work, including childcare, between partners. These policies include dedicated paternity leave, incentives for the parents to share parental leave, and differences in tax rates applied to the household's first and second earner.

5. Support for early childhood development. These policies include initiatives that help parents building knowledge and skills supporting child development and, more commonly, rules and initiatives to support enrolment of children in formal childcare at early ages and to support provision of high-quality childcare services.

6. Increasing birth rates. Raising fertility has rarely been an explicit objective of family support, although it is seen as a positive potential by-product.





FAMILY POLICIES

Figure 1. Number of countries whose governments declare that their goal is to raise fertility

Source: : Sobotka, T., A. Matysiak, Z. Brzozowska. 2019. "Policy responses to low fertility: How effective are they?" New York: UNFPA, Working Paper No. 1, May 2019 Technical Division Working Paper Series, Population & Development Branch



FAMILY POLICY

Possible causes of low fertility

- Economic and labor market uncertainty
- Conflicts between career and family life
- Persistent gender inequalities in the division of housework and childcare
- Intensive parenting
- Unaffordable housing
- Rapid family changes incompatible with long-standing norms, values and expectations
- Societal upheavals

FAMILY POLICY

- **Childcare services**
 - Subsidized, high quality, opening hours adjusted to parents' needs
 - Positive effect on fertility but also women's labor supply and child outcomes
- **Parental leave programs**
 - Well paid, directed to both parents and parents in diverse work arrangements, flexible and adjusted to parents' needs
 - Synchronized with childcare availability
- **Flexible work arrangements**
 - Part-time opportunities (at equal terms!), flexible working hours
- **Financial transfers**
 - Birth grants, family benefits, tax deductions
- Support to persons with biological constraints to conceive



CHILDCARE PROVISION

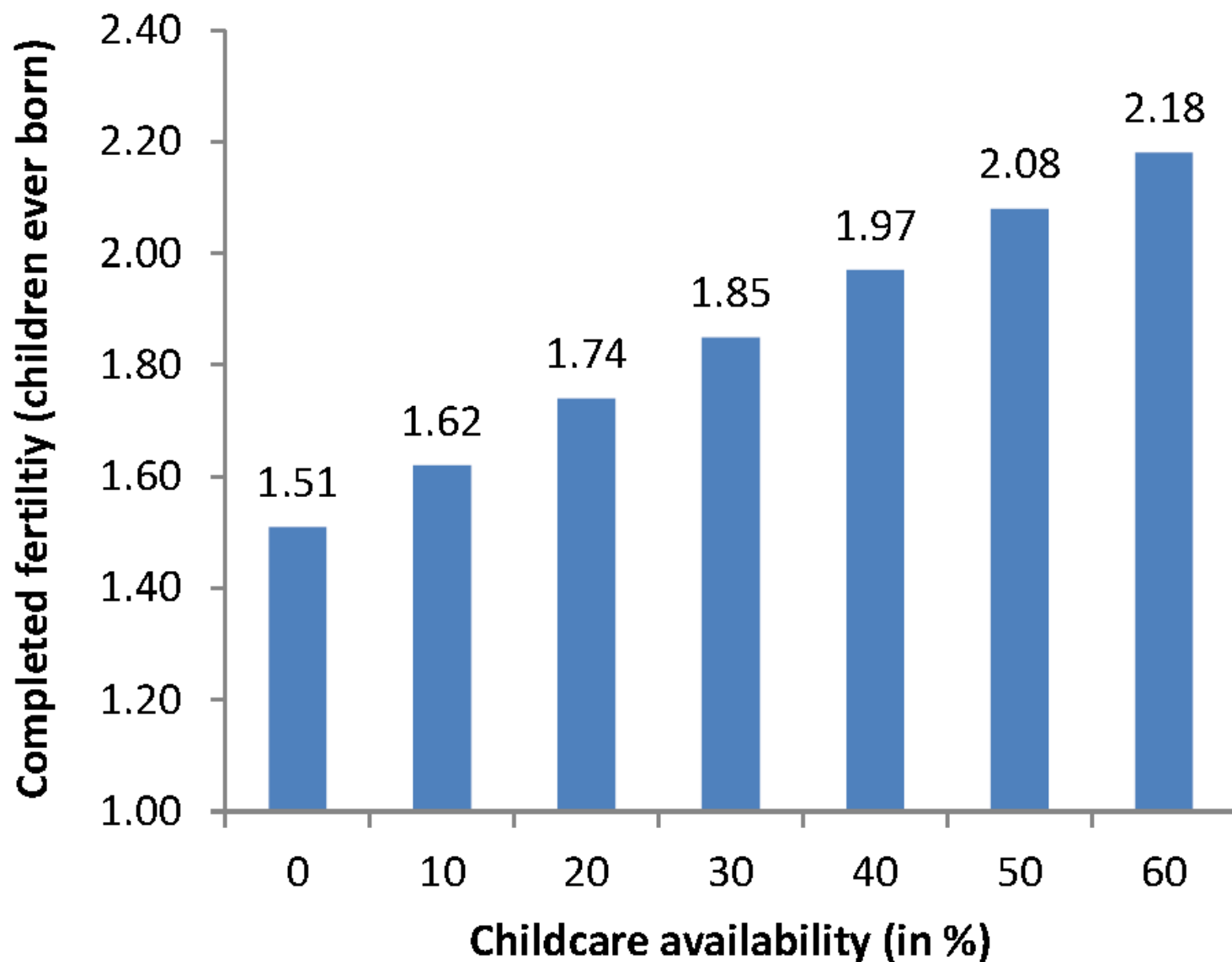
- Childcare needs to be of **high quality**, its **opening hours should match parents' working schedules**
- High quality childcare can also have **positive influences on children's development**, particularly children from poor and low educated families (Brilli et al. 2015, del Boca et al. 2015, 2016)
- Some countries increase expenditures on early education services with new evidence on child brain development (early investments in children's development strongly determine future educational and LM outcomes)

CHILDCARE PROVISION

*The provision of childcare service usually has a **positive effect** on fertility:*

- Luci-Greulich & Thevenon (2014): 10pp increase in childcare enrolment -> increase in tempo-adjusted TFR by 0.08 (OECD)
- Rindfuss et al. (2010): improvement in childcare availability from 0 to 60% -> increase in completed fertility by around 0.5-0.7
- More helpful for the **higher** than **lower** educated (Baizan et al. 2016 , Wood et al. 2016)

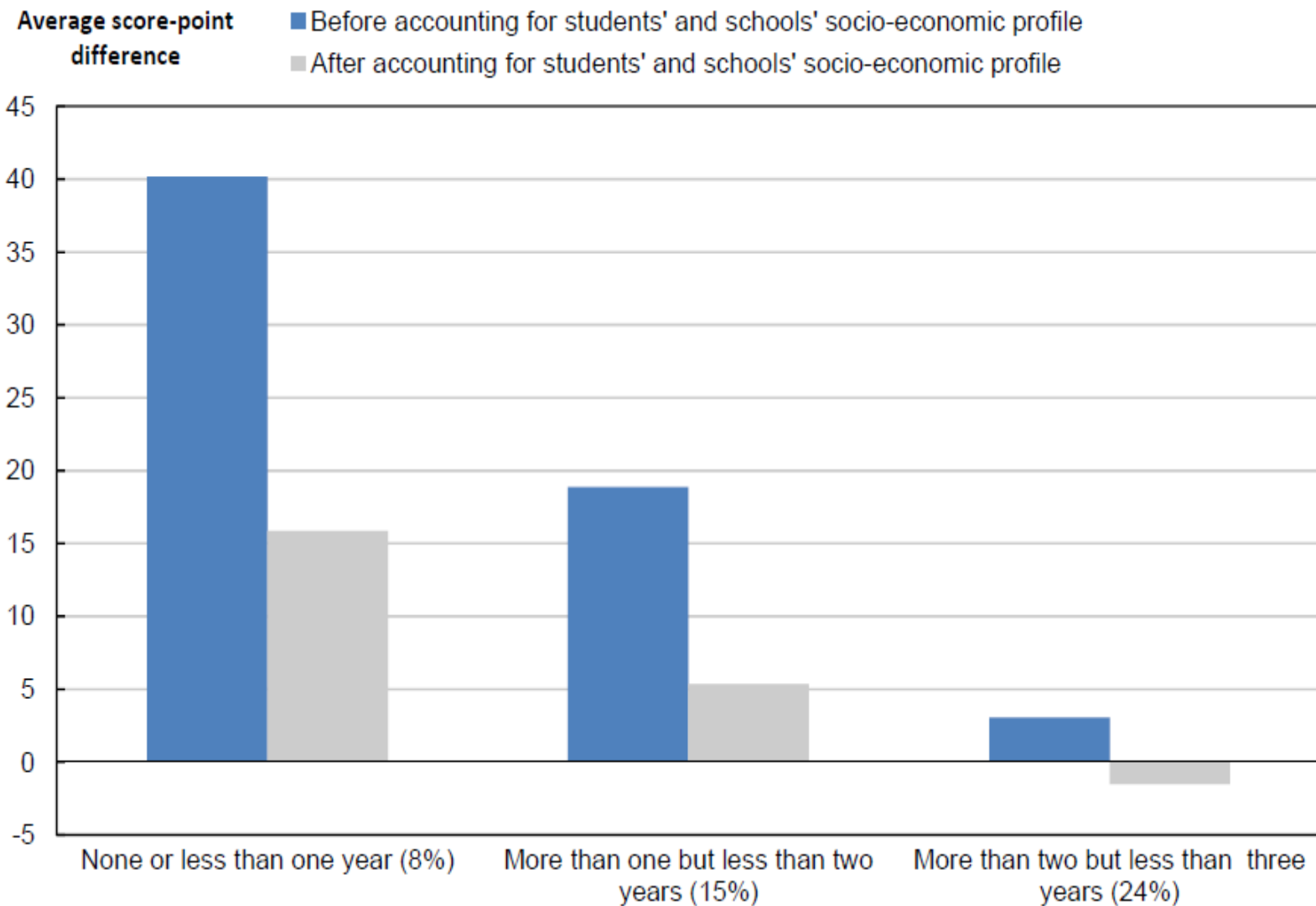




CHILDCARE PROVISION

Figure 2. Simulated completed fertility (by age 35) among women in Norway born in 1957-62 by level of childcare availability for children aged 0-5

Source: Sobotka, T., A. Matysiak, Z. Brzozowska. 2019. "Policy responses to low fertility: How effective are they?" New York: UNFPA, Working Paper No. 1, May 2019 Technical Division Working Paper Series, Population & Development Branch



CHILD CARE PROVISION

Figure 3. Average score-point difference in science performance between those who attended childcare for three years or more and those who attended it for shorter or not at all, OECD (PISA 2015)

Source: OECD (2017): Starting Strong 2017. Key OECD Indicators on Early Childhood Education and Care, p. 32

PARENTAL LEAVE SYSTEMS

- Maternity leave: granted to **mothers** around the birth of the child to protect the health of the mother and the child
- Paternity leave: granted to **fathers**, also around the birth of the child, in order to allow fathers to spend time with their newborn children and adjust to their new role
- Parental leave: offered to both parents after the end of their maternity or paternity entitlements
- Maternity leave, paternity leave and parental leave are always paid, but the duration and payment entitlements differ widely

PARENTAL LEAVE SYSTEMS

- The payment for the leave compensates the **income loss** for employees.
- **Optimal leave** length depends on many factors, such as the type of occupation, position at the workplace, possibility to work part-time, external childcare opportunities or personal preferences.
- Undeniably, some leave is important to bridge the gap between birth and entry to childcare
- Long maternity leave may deteriorate women's labor market condition: longer leaves lead to a depreciation of **human capital** and reduce parents' earnings potential and future promotion opportunities
- Flexible schemes seems best from the perspective of responding to various needs and life situations of parents

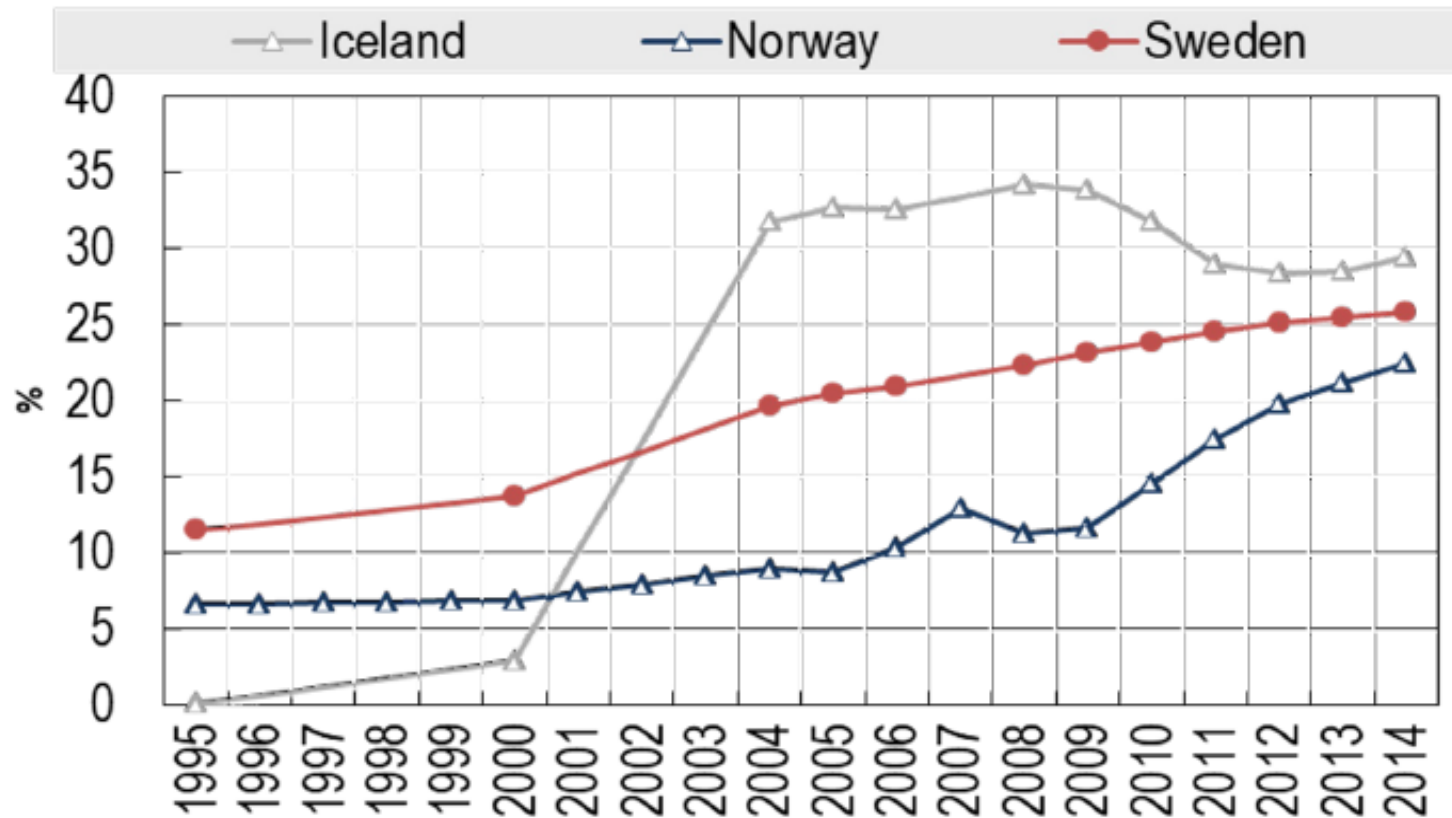
PARENTAL LEAVE SYSTEMS

Table 1, Parental level models

Supporting women's economic activity	Flexible model	Conservative model	Minimalistic model
Nordic countries	Austria, Czechia	Germany before 2007, Poland	Italy, Greece
• Leave of 1-1.5 year • High replacement rate (60-100% of previous earnings) • High flexibility (the leave can be divided between parents, taken part-time, re-taken, etc) • In combination with good childcare provision for children aged 1+ • Allows care of a newborn and supports women's quick entry into work	• A certain amount of money to be distributed over time according to parental needs: • Short leave – well-paid, usually income dependent • Longer leave – lower payment, flat rate • Parents can choose the option which they find the best for their needs and life circumstances	• Long leave (up to three years) • Poorly paid, usually flat-rate payment, often means-tested • An option only for persons with poor earning prospects • Poor option for providing care at home due to low payment • No choice if no external childcare: deactivating	• Short parental leave (up to 6 months), low paid (30% of previous earnings) • Usually problematic as no childcare provision for young children (below 3)

PARENTAL LEAVE SYSTEMS: LEAVE SHARING

- While most mothers make use of their maternity leave, paternity leave may seem to be an “**optional**” choice for fathers
- More countries encourage fathers to take the paternity leave:
 - Reserving part of the leave for the father (Sweden, Norway, Iceland)
 - Granting parents additional leave if they share it (e.g. Austria, Germany)
- Studies also show that fathers who took the leave:
 - Are more involved in childcare after coming back to work (Haas and Hwang 1999, Brandth and Kvande 2009)
 - Are more likely to progress to the second child (Duvander et al. 2010) though not the third child (Duvander et al. 2016)



Source: OECD (2016), Background brief on fathers' leave and its use

PARENTAL LEAVE SYSTEMS

Figure 4. Male share of number of days of maternity, paternity and parental leave used

PARENTAL LEAVE SYSTEMS: FATHER'S QUOTA

Table 2. Norwegian parental leave. Distribution of weeks with 100% wage compensation between mothers and fathers

Year	Mother's quota	Divisible part	Father's quota	Total
2014	3* + 10	26	10	49

Source: Brandth, B., & Kvande, E. (2016). Fathers and flexible parental leave. *Work, employment and society*, 30(2), 275-290.

PARENTAL LEAVE SYSTEMS: FATHER'S QUOTA

- The fathers' quota was introduced in April 1993, after which there was a dramatic increase in the proportion of fathers who took leave the following years, from 4 percent in 1993 to 85 percent in 2000
- It is a right men are granted as employees and fathers, male employees who have become fathers **do not** have to negotiate individually with their employers about using the right to the fathers' quota
- The “gentle force” (“**take it or leave it**”) function: fathers who do not see the point of a fathers' quota end up taking leave

PARENTAL LEAVE SYSTEMS: FATHER'S QUOTA

- The benefits of the father's quota:
 - ✓ Reserving part of the leave for the father on a „use it or leave it basis” strengthens fathers' rights to care of their children (which they were deprived of)
 - ✓ It is the children who are pulling the fathers home and are helping to constitute what is regarded as “good” father behavior, otherwise they are the injured party because they lose six weeks of care from their fathers
 - ✓ It contributes to setting a boundary in relation to the working-life requirements placed on fathers.

PARENTAL LEAVE SYSTEMS: FATHER'S QUOTA

Issues related to father's quota

- Why granting fathers special rights? They can take the leave anyway, nobody prevents them from doing so
- Can fathers indeed tell the employer „I am taking the leave” without any consequences for their careers? Can fathers take the leave without being stigmatized by the work colleagues, friends, family members, etc?
- Maternal gatekeeping

LABOR MARKET POLICIES

- Part-time employment:
 - Can help to combine paid work and care, but should grant similar social benefits as full-time work (e.g. South Korea)
 - Less likely to bring positive effects on fertility if it is difficult to switch from part-time into full-time work (e.g. UK)
- Flexible working hours:
 - Flexitime (allows employees to set the starting and ending time and the number of working hours in a week beyond the core hours established by the employer)
 - Working time banking (a system of working time recording which allows to accumulate credits in some periods and work less in others)
- Working time regulations: long working hours can be detrimental for fertility, regulations and enforcement needed

LABOR MARKET POLICIES

- Participation in the labor market is an important income source
- High unemployment & unstable employment = lower fertility (Adsera 2004, 2011, Alderotti et al. 2019)
- Policies should be aimed at job creation and eliminating barriers to labor market entry
- Employment protection legislation protects those in employment and makes it difficult to enter the labor market for school graduates or parents after a career break
- **Moderate employment protection + support in finding a job**

LABOR MARKET POLICIES

The case of labor market reform in Italy

- The Italian “Jobs Act” Reform in 2015 substantially reduced **firing costs** for new hires with open-ended contract in large firms
- Right after the reform total firings from open ended contracts increased by more than 50 percent in large firms while remaining relatively stable in small ones
- De Paola et al., 2020 show that women exposed to the reduction in employment protection have a 1.4 percentage point **lower probability** of having a child than unexposed women
- Evidence shows stronger effects for **more vulnerable individuals**, i.e., for women employed in low paying jobs and with a low level of education. Larger effects are also found for women whose husbands are unemployed.

FINANCIAL INCENTIVES

Financial incentives include:

- Birth grants
- Family benefits
- Child-related tax reductions

They can be

- Universal
- Means-tested (granted only to families with income per capita below a certain threshold)

FINANCIAL INCENTIVES

- The monetary transfers reduce the direct costs of children, can particularly help persons who have problems with earning sufficient income
- Research shows small but mostly significant effects of monetary transfers on fertility, e.g.
 - ❖ An increase in the expenditures on cash benefits as a share of the GDP per capita by 1pp.-> increase in tempo adjusted-TFR by 0.02 (Luci-Greulich and Thevenon 2013)
- The effects are small because they offset only a **small fraction** of the total cost of children, they need to be complemented by other policies which support adults in earning the income (Thevenon and Gauthier 2011), and parents may also invest in the quality of children

FINANCIAL INCENTIVES

The case of pronatalist policies in Russia

- Russian Federation introduced explicitly pronatalist policies since January 2007 through a 2006 Federal Law On Additional Measures of State Support of Families with Children (Russian Presidential Academy 2015)
- The policies specifically aimed to stimulate **second and third births**.
- The main policy pillar was an one-off cashless benefit transferred to the mothers of a second, third, or later child (only one payment can be transferred to each mother, irrespective of the number of children she has).
- The initial amount of the benefit was set up at RUB 250,000; its current value, since 2015, has been fixed at RUB 453,000 (US \$ 6,900 with the exchange rate in April 2019)

FINANCIAL INCENTIVES

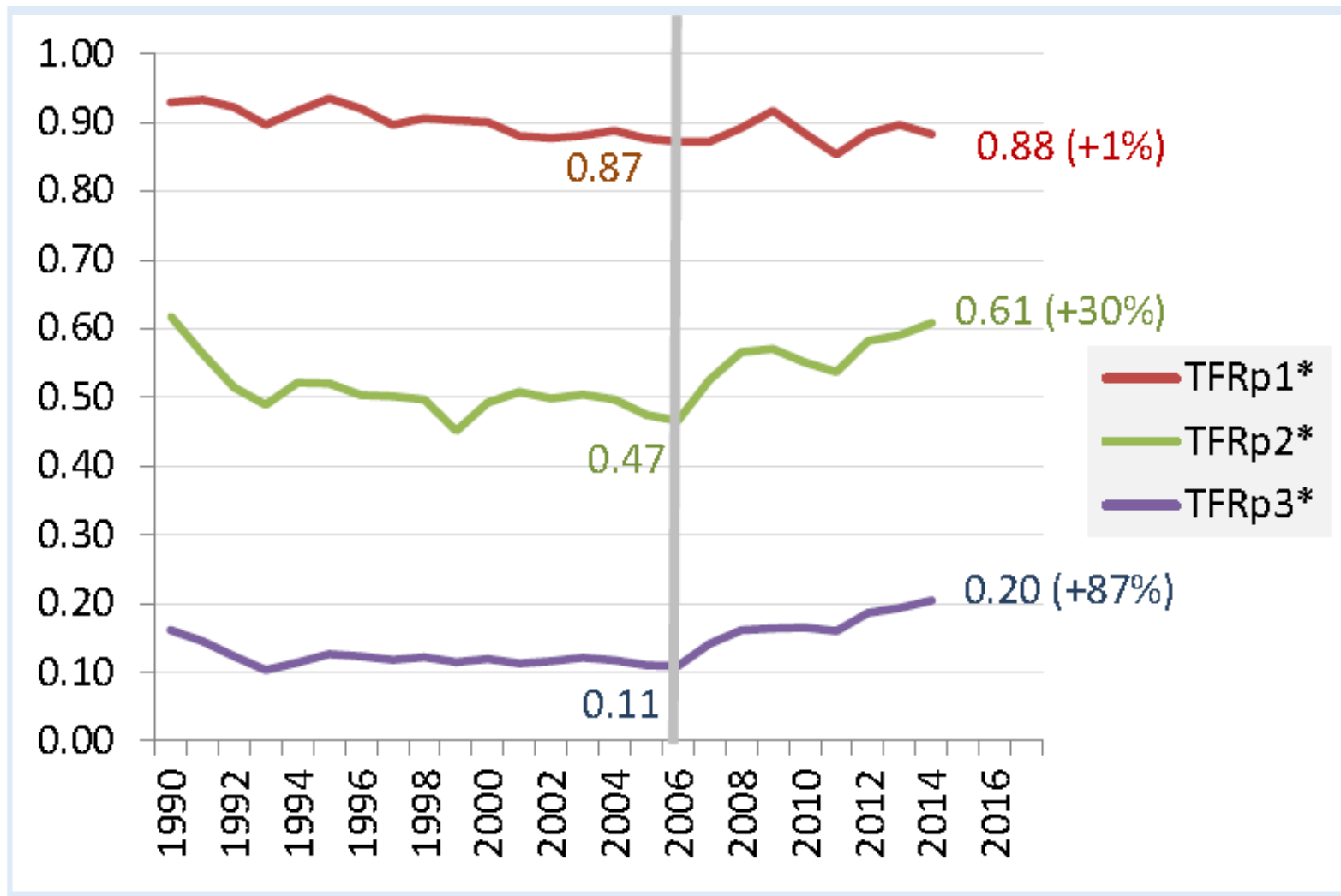


Figure 5. Tempo- and Parity-adjusted Total Fertility (adjTFRp) by birth order in Russian Federation in 1990-2014

Source: Sobotka, T., A. Matysiak, Z. Brzozowska. 2019. "Policy responses to low fertility: How effective are they?" New York: UNFPA, Working Paper No. 1, May 2019 Technical Division Working Paper Series, Population & Development Branch

FINANCIAL INCENTIVES

- There seems to be some effect on completed fertility, estimates ranging from 0.05-0.15, largely driven by increase in 2nd and 3rd births **among lower educated** social strata (Biryukova et al., 2016; Slonimczyk and Yurko, 2014, Elizarov and Levin 2015, Miljkovic and Glazyrina (2015), Zakharov 2016).
- But also huge tempo effect!

FINANCIAL INCENTIVES

The case of high order birth bonus in North-Eastern Italian region of Friuli-Venezia Giulia:

- An introduction of a baby bonus of 3,000 EUR for 2nd births and 4,600 EUR for 3rd+ births in years 2000-03 for poor families (Boccuzzo et al, 2008) (€240,000)
- It led to around 1,000 more births, concentrated mainly among the **low educated women** with two or more children
- There was also a strong **decline in abortion rate**, particularly for low-educated women with 2+ children
- Whether it was just tempo effect remains unclear

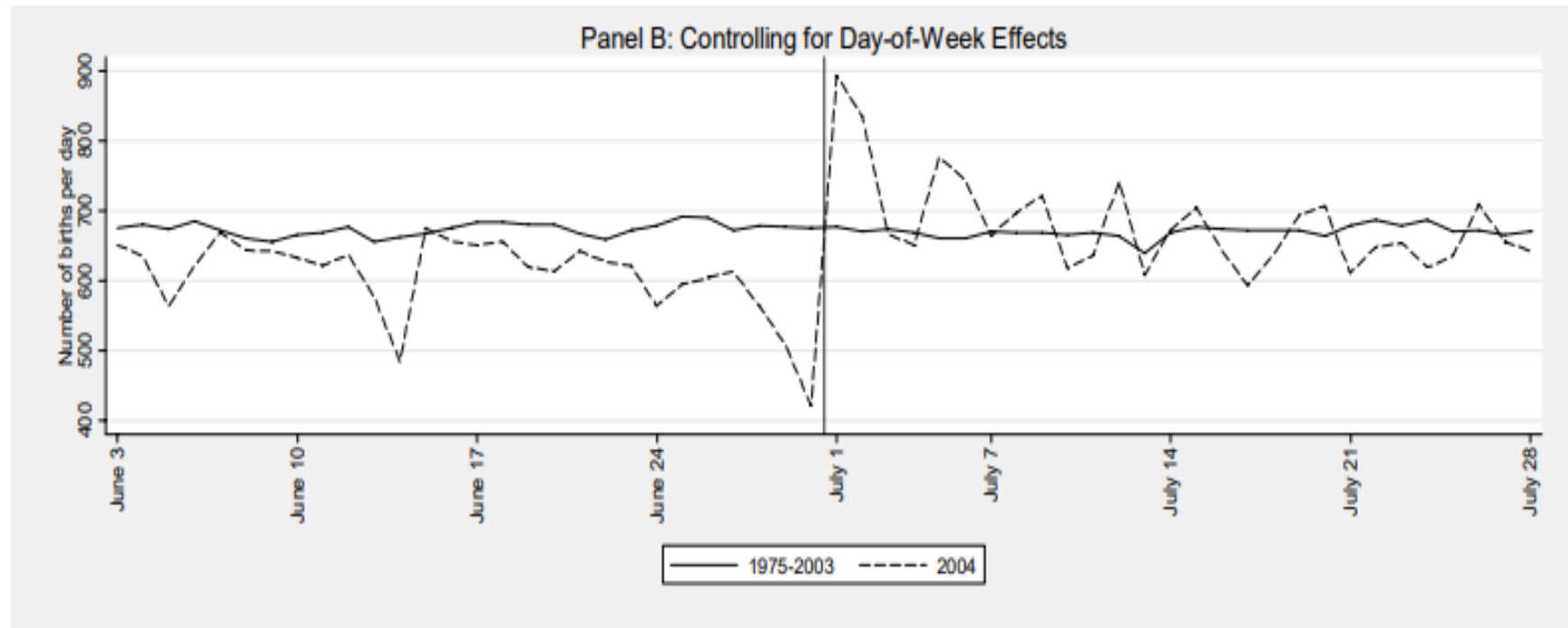
FINANCIAL INCENTIVES

The case of “baby bonus” in Australia

- In 2004, the Australian government announced that children born on or after July 1, 2004 would receive a \$3000 “Baby Bonus”
- The policy was only announced **SEVEN WEEKS** before its introduction
- Parents appear to have behaved strategically in order to receive this benefit, with the number of births dropping sharply in the days before the policy commenced
- Estimation suggests that over 1000 births were “moved” so as to ensure that their parents were eligible for the Baby Bonus, with about one quarter being moved by more than two weeks

FINANCIAL INCENTIVES

Figure 6. The effect of “baby bonus” in Australia



Source: Gans, J. S. & Leigh, A. (2009) Born on the first of July: An (un)natural experiment in birth timing. *Journal of Public Economics*, 93(1), 246-26

POLICY PACKAGE

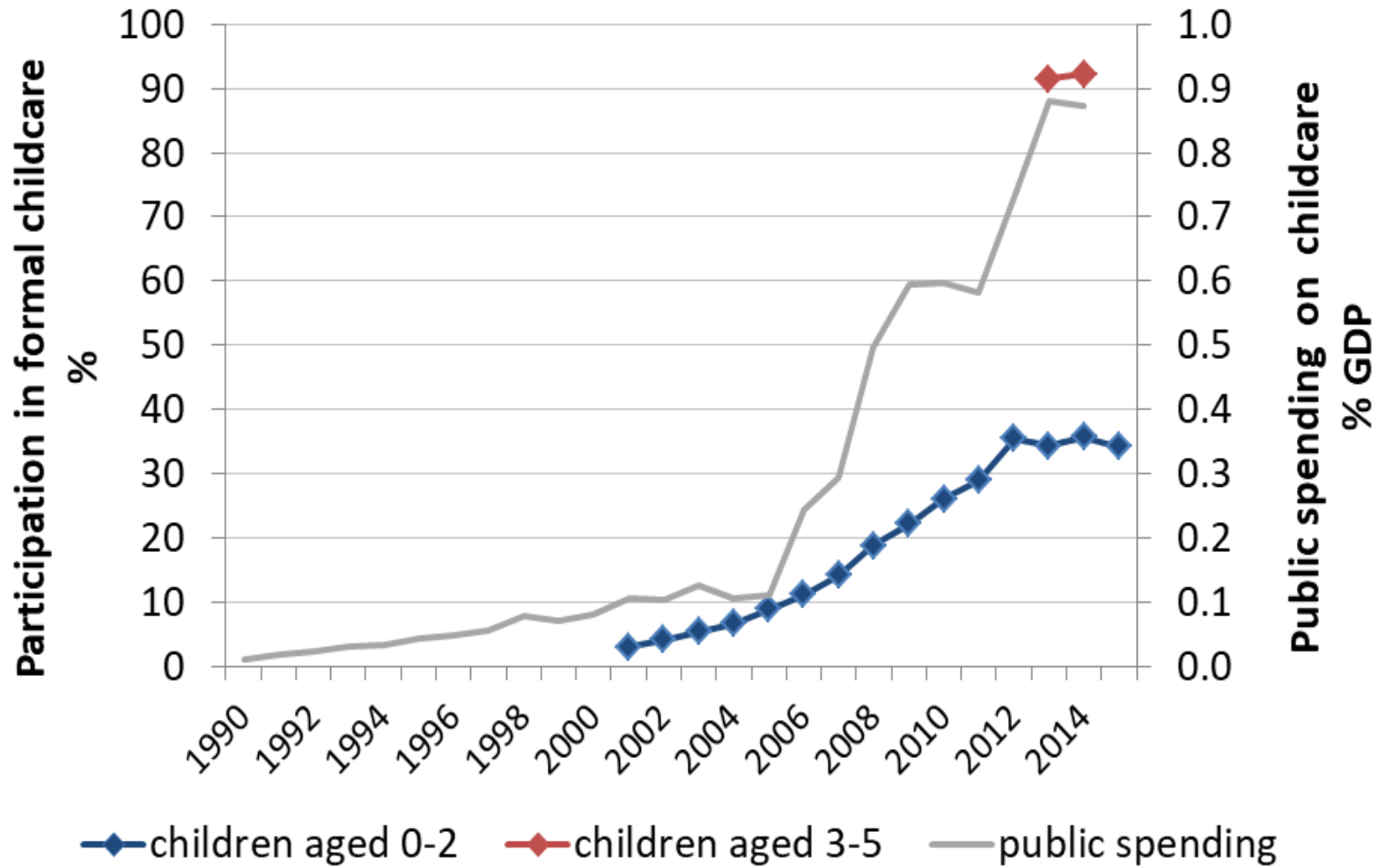
Multidimensional policies are required to promote fertility

- Reconciliation policies which minimize men's and women's opportunity costs of parenting
 - High quality public childcare
 - Flexible and well-paid parental leaves for both partners
- Supplementary income policies
- Labor market policies
 - Working time regulations
 - Active labor market policies

FAMILY POLICY

Why do some policies fail to work~ case of South Korea

- An expansion of childcare provision:
 - Public expenditure on Early Childhood Education and Care (ECEC) in Korea has increased tenfold to about 1% of GDP in 2016, only below public spending on ECEC in Denmark, Finland, France, Iceland, Norway and Sweden
- The government also offers longer and better-paid parental leave and put efforts on curb excessive working hours



FAMILY POLICY

Why do some policies fail to work~ case of South Korea

- Women may not have benefited from these policies
 - Parental leave programs and some other benefits are available only for employed women who are insured with the national employment insurance fund. About **one third of employed women**, often with irregular and part-time employment, are not eligible (Adema et al. 2017: 18-19).
- Strong gender inequality
- [Global Gender Gap Report 2023 | World Economic Forum \(weforum.org\)](https://www.weforum.org/publications/global-gender-gap-report-2023/)

FAMILY POLICY

Why do some policies fail to work~ case of South Korea

- Work culture:
 - rewards seniority, loyalty and face-time (Nagase and Brinton 2017, Brinton 2019)
 - Ethos of long working hours and uninterrupted careers
 - 23% works more than 60 hours per week (OECD average 5.6%, SE or NO ~ 2%)
 - Weak enforcement of working time regulations and protection of employees returning from parental leaves
 - Part-time and temporary workers have lower access to social benefits (no access to parental leave schemes)
- Intensive parenting
 - education fever

FAMILY POLICY

A FINAL REMARK

- Family policy is also strongly associated with values and the ranking of values
 - The government budget is limited, and we need to allocate funds to address the most important issues.
 - Values and norms can be reinforced through family policies (abortion, single mother, same-sex couples, etc)
 - Family policies reflect society's values of parenthood within marriage: MSF - YouTube

LITERATURE

- Sobotka, T., A. Matysiak, Z. Brzozowska. 2019. “Policy responses to low fertility: How effective are they?” New York: UNFPA, Working Paper No. 1, May 2019 Technical Division Working Paper Series, Population & Development Branch
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