

Long-term effects of reforms promoting fathers parental leave use

Since the introduction of the parental leave in Sweden a more gender-equal division of the leave has been aimed for. Various strategies has been tried to reach the goal, and several reforms have been introduced.

In 1974 Sweden introduced parental leave insurance with earnings-related benefits paid for six months after childbirth, entitling parents to share leave as they preferred. The leave can be used until the child is eight years old. The specific aim was to facilitate the combination of time at work and time spent caring for children for men and women. The question of fathers' participation in leave use was part of the debate from the beginning (Klinth 2002).

The benefit was set at 90 percent of earlier earnings, but if the using parent had no previous earnings he or she received a low flat rate. The set-up works as an incentive, especially for mothers, to enter the labour market before embarking on parenthood. It also avoids a choice between work and family by encouraging the combination of the two.

In the 1980s leave rights were extended by stages to twelve months, and in addition a further three months were paid at a flat rate. During the 1990s and the beginning of the 2000s the flat rate was 60 SEK (approx. 6 Euro) per day. Cutbacks in the rate of earnings-related benefits were made during the economic crisis in the 1990s from 90 to 75 percent, later raised to the current level of 80 percent.

In 1995, one reserved month for each parent was introduced, which meant that one month would be forfeited if not used by the designated parent. At the same time the leave was rendered formally as individual implying that the parent who wanted to use more than half of the leave needed the consent (by signature) of the other parent (except the reserved month which are not possible to sign over to the other parent). The reform applies to all parents with joint custody which is the absolute majority in Sweden, also in cases of separated or divorced parents. The Liberal-Conservative government also introduced a flat-rate homecare allowance for children up to the age of three in the second half of 1994. The homecare allowance was abolished by the new Social Democratic government half a year later, but the reserved months, often called "daddy" month and "mummy" month, were kept.

In 2002, another reserved month for each parent was introduced, at the same time as the leave was extended by one month to sixteen months (including flat rate leave) by the Social Democratic government. The main difference between the first and second reserved month is thus that in 2002 a month was added to the leave length, meaning that an increase in one parent's leave did not necessarily mean a decrease in the other parent's leave.

In this paper we are studying long-term effects of the introduction of the reserved months in parental leave. Previous studies have shown that both reforms have had large effects on fathers' use of parental leave. Although the main goal of these reforms was to promote fathers to use parental leave, there were also expectations that the reforms should have long-term effects on the division of household work, and in the extension also in the labour market. Also, there are studies that imply that the risk for separation is lower and the nativity is higher in couples who share the leave more

(Oláh 2003). This study investigates the effects of the reforms on four outcomes; the use of temporary parental leave for care of a sick child; earnings of the parents; risk for separation, and continued childbearing.

Data and method

For the empirical analysis register data from the Swedish Social Insurance Agency are used. Data are assembled from records obtained from local insurance offices and cover the entire Swedish population. They contain detailed information on the starting date of parental leave and temporarily parental leave, the number of days (parts of the day if not a full day) and the amount of benefit per day. They also include parents' individual characteristics such as gender, date of birth, birth order of the child, geographical location, earnings, educational level, address and country of birth.

Empirically, we make use of the fact that all three reforms were introduced for children born after a specific date. The first reserved month is applicable to children born on or after January 1, 1995, and the second reserved month to children born on or after January 1, 2002. Thus, children born within a few days of each other are treated under different regulations, which make all three reforms examples of natural experiments (see Rosenzweig and Wolpin 2000, Angrist and Krueger 2000).

From the register data all parents with children born from two weeks before to up to two weeks after each reform are sampled and subsets of parents of children born before (control group) and after (treatment group) each of the reforms are constructed. To control for potential seasonal variation in the use of parental leave, we use a difference-in-difference approach also including parents with children born one year before the introduction of each of the reforms in the statistical analysis.

Preliminary results

The preliminary results indicate an absence of long-term effect from the first reserved month, and a small but significant of at least some of the outcomes studied from the second reserved month.

The results indicates that there are some effects on fathers and mothers use of parental leave, and also on mothers earnings after the introduction of the second reserved month. Fathers in the treatment group uses slightly more temporarily parental leave days than fathers in the control group during the first few tears of the child's life. Also, mothers in the treatment group uses slightly fewer uses slightly fewer temporarily parental leave days than mothers in the control group during the same period. However, this effect disappears when the child grows older.

We also find some preliminary effects on the earnings of mothers, but not for fathers. Earnings of mothers are significantly higher in the treatment group than in the control group after about five years after the introduction of the reform, but not before this point.

We find no significant effects of the reforms on the risk for separation and continued childbearing.

References

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