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# Parental Leave Policies and the Economic Crisis in the Nordic Countries

## Seminar Report

RAPORTTI

**REPORT**

Sanna Parrukoski & Johanna Lammi-Taskula (eds)

**Parental Leave Policies  
and the Economic Crisis  
in the Nordic Countries  
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## Foreword

State Secretary Jarmo Lindén, Ministry of Education and Culture

It is a pleasure for me to welcome you to Helsinki on behalf of the Presidency of the Nordic Council of Ministers and to bring you the greetings of our Minister of Culture and Sport, Mr Paavo Arhinmäki who is also our Minister for gender equality matters.

Prime Minister Jyrki Katainen's government was appointed on 22 June 2011. It is a majority coalition that includes parties from the left and right of Finland's political spectrum: the National Coalition Party, the Social Democratic Party, the Left Alliance, the Swedish People's Party in Finland, the Green League and the Christian Democratic Party. The government has 19 ministers and 13 state secretaries.

Three core objectives of the government are the reduction of poverty, inequality and social exclusion; consolidation of public finances; and the strengthening of sustainable economic growth, employment and competitiveness. The current economic crisis is of course a big challenge to this government.

The Finnish Presidency of the Nordic Council of Ministers in 2011 has launched a new cooperation programme called "Gender Equality Creates Sustainable Societies". We have introduced themes on education, men's perspective, and family leave. Some weeks ago we opened a web portal "Equal Climate" that links the Nordic gender perspective to the work against climate change.

Family leave has been one of the longest lasting topics in the Nordic gender equality debate. In the Nordic countries, we share the Nordic welfare model, a high level of education and working life participation among women as well as the idea that gender equality truly matters.

The Nordic debate and exchange of experiences on family leave have been very productive. In 2009, the Icelandic Presidency carried out a thorough comparative study about family leaves. We, in our turn, wanted to take this debate further from the viewpoint of the pressures for change related to the financial crisis that started in 2008. Unfortunately, our expectations for the economic development in Europe have worsened.

The wellbeing of families and children is important for the development of the whole of society. Accordingly, the new Finnish government wants to support families, children and young people in many different ways. For example, we will raise the level of monthly basic security with 120 Euros in January 2012. Also the social assistance for single parents will be raised. Moreover, the government will implement a social guarantee for young people starting 2013. Young people are ensured education or employment within three months of becoming unemployed. The goal is to prevent youth unemployment and social exclusion.

Combining work and family life also plays a key role in the governmental objectives. From the gender equality perspective it is important to encourage fathers to take more family leave. This has been a central goal in our gender equality policy already for a long time. At the moment, one fourth of all Finnish fathers do not take any family leave. It is however positive development that the number of fathers taking paternity leave has increased in recent years.

Fathers' take-up of parental leave has increased more slowly. Of all the parental leave days, fathers use only around seven per cent. Parental leave is very important for gender equality. During the leave, the father can strengthen his relationship with the child independently while the mother is at work. When fathers take responsibility for their child early on, it creates a strong basis for the father-child-relationship. It also lessens the daily pressures on the mothers of small children and helps to promote the labour market status of women.

Tightening economic prospects should not prevent us from seeking and endorsing tools that can make our society more equal. For the family leave system this means that we must encourage fathers to take more family leave. In Finland, we have been discussing the so-called 6+6+6 model. It means that six months of all the parental leave is reserved for the father, six for the mother and six months for either parent. It is, however, unlikely that we will be able to introduce this model in practice soon. But we should keep it as our beacon to guide us towards the goal step by step.

In Finland, we took a step towards the father's quota in the form of a labour market framework agreement. It was agreed by the employers' and employees' central unions that in addition to the paternity leave taken while the mother is on maternity leave, fathers can take six weeks of independent paternity leave, that is, the father's quota, and it will not any more reduce the total length of parental leave available for the mother. This change will be implemented in 2013.

I find it a positive development that, with the framework agreement, the father's quota of six weeks is reinforced and it becomes an independent section of the leave system. The father can take the leave irrespective of how the rest of the parental leave is divided between the parents. The other side of the coin is that if the father does not use his six weeks of leave, the family forfeits the right to those weeks. The effect is that in two-parent families the total parental leave is in fact longer. The change will also simplify our rather complicated parental leave system.

An overall goal of the government is to raise the father's quota and, also, to lengthen parental leave. We must continue this work throughout the government's term of office. There is good news in this field also from Denmark. The Danish government intends to launch a father's quota to motivate fathers.

More even distribution of family leave is also an efficient means to equalise the costs caused by family leave to the employers. The Finnish government will continue the efforts to level these costs, although most direct costs are compensated. In fact, employers have reported that the biggest problems are related to longish periods of absence from work of key employees due to family leave. The family-leave burden would be more evenly distributed between employers and sectors if fathers would take more family leave to care for their child.

Also fathers have the right to be present as parents. Issues relating to the status of divorced fathers and shared custody have been hot topics in recent years. In my opinion it is important that the child has a relationship with both the parents even after divorce. How the father is involved in his children's lives before divorce has consequences for his role also after divorce.

Perhaps fathers could be more interested in sharing the parental duties already when decisions are made regarding the distribution of parental leave? A fact is that you cannot delegate your parenthood to someone else: the children need both their parents. Shared parenthood and shared responsibility for the home and the family make also the parents' mutual relationship stronger. At best, it can prevent divorce.

My vision for the near future is a fathers' mass movement that highlights the fathers' right to be with their children as well as the children's right to a father who is present in their daily lives – without underrating the importance of mothers. We decision-makers must support this with solutions that encourage this kind of development. And for this work we need the family-leave information produced by Nordic experts.

## Abstract

Sanna Parrukoski & Johanna Lammi-Taskula (eds.). Parental leave policies and the economic crisis in the Nordic countries. Seminar report. National Institute for Health and Welfare (THL). Report 24/2012. Helsinki, Finland 2012.

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The Nordic countries are often seen as model societies of gender equality where the employment rate of both men and women is high and possibilities to combine paid employment and the care of young children are supported with high public investment. Among the most important policies in this respect are parental leave policies.

Discussion about the restructuring of parental leave schemes is topical in all the Nordic countries at the moment. Questions on the agenda are related to e.g. the length of leave, the level of benefits paid during leave, and flexibility in take-up of leave. Although fathers have during several decades been encouraged to take more parental leave, unequal take-up of leave between mothers and fathers still remains one of the most important issues to be dealt with.

In addition to gender equality, leave policies are related also to other policy areas such as social policy, labour market policy and financial policy. Parental leave enables care work that is valuable for society, but as parental benefits compensate only part of lost income during leave, families with young children have a higher poverty risk than other families. Long leave periods have negative effects for career and pay development in the labour market. The costs of parental leave benefits are covered by employers, employees and the state, with different models in different countries.

The economic turmoil based on the US financial crisis has since 2008 had effects also in the Nordic countries. Economic growth slowed down and imbalances in the public economy gave reason to consider cuts in spending as well as structural reforms in various policy areas. The development in the market and public economy and in the labour market has however been somewhat different in the different Nordic countries, some of them were hit harder than others.

As the impacts of the economic crisis need to be dealt with in several interconnected policy fields, it is important to take into account the common aims as well as possibly contradictory aims of these different policies when parental leave schemes are restructured. To support decision making, information about the impact of the economic crisis on parental leave policy and gender equality is needed.

The Finnish Institute for Health and Welfare (THL) organized a seminar on Friday, November 18, 2011 in Helsinki on the topic 'Leave policies and the economic crisis'. At the seminar, up-to-date information about the impacts of the recent economic crisis on parental leave policies was presented by researchers from Denmark, Finland, Iceland, Norway and Sweden. The presentations covered recent changes in parental leave legislation and in the take-up patterns of leave. Also the political and media discussion related to parental leave was described and future changes in the leave policies in coming years anticipated. Researchers also offered their recommendations on leave policy development.

The seminar was a part of the activities of Finland's presidency in the Nordic Council of Ministers.

Keywords: parental leave, economic crisis, gender equality, Nordic countries

## Tiivistelmä

Sanna Parrukoski & Johanna Lammi-Taskula (toim.). Vanhempainvapaat ja talouskriisi Pohjoismaissa. Seminaariraportti. Terveyden ja hyvinvoinnin laitos (THL). Raportti 24/2012. Helsinki 2012. ISSN 1798-0070 (painettu); ISSN 1798-0070 (pdf)

Pohjoismaita pidetään usein sukupuolten tasa-arvon mallimaina, joissa sekä miesten että naisten korkeaan työllisyysasteeseen liittyy ansiotyön ja pienten lasten hoidon yhteensovittamisen mahdollisuuksien tukeminen yhteiskuntapolitiikan keinoin. Vanhempainvapaajärjestelmä on tärkeimpien keinojen joukossa.

Vanhempainvapaiden uudistaminen on tällä hetkellä ajankohtainen puheenaihe kaikissa pohjoismaissa. Keskustelun kohteena ovat mm. vapaan pituus, sen ajalta maksettavien korvausten taso ja vapaan käytön joustavoittaminen. Vaikka isä on jo usean vuosikymmenen ajan kannustettu pitämään enemmän vanhempainvapaata, vapaan käytön epätasainen jakautuminen äitien ja isien kesken on edelleen yksi tärkeimmistä sukupuolten tasa-arvoon liittyvistä pulmista, joihin haetaan ratkaisua.

Tasa-arvopolitiikan lisäksi vanhempainvapaat liittyvät myös muihin politiikka-alueisiin, kuten sosiaalipolitiikkaan, työmarkkinapolitiikkaan sekä talouspolitiikkaan. Vanhempainvapaat mahdollistavat yhteiskunnan kannalta arvokkaan palkattoman hoivatyön, mutta vanhempainpäivärahat korvaavat ansiotyöstä saatavien tulojen puuttumista vain osittain, ja pikkulapsiperheiden köyhyysriski on muita lapsiperheitä suurempi. Pitkät poissaolot työelämästä vaikuttavat kielteisesti ura- ja palkkakehitykseen. Vanhempainvapaista syntyviä kustannuksia rahoitetaan eri maissa eri tavoin työnantajien ja työntekijöiden kesken sekä valtion verotuloista.

Yhdysvaltojen finanssikriisistä käynnistynyt taloudellinen epävakaas on vuoden 2008 jälkeen heijastunut myös pohjoismaisiin yhteiskuntiin. Talouskasvu on hidastunut ja julkisen talouden vaje on nostanut keskusteluun tarpeen leikata julkisia menoja tai tehdä rakenteellisia uudistuksia eri politiikan alueilla. Markkinoiden, työelämän sekä julkisen talouden kehitys on ollut eri Pohjoismaissa jonkin verran erilaista, jotkut ovat selvinneet toisia vähemmällä.

Kun talouskriisin seurauksia on hallittava monilla toisiinsa kietoutuneilla politiikan alueilla, on myös vanhempainvapaauudistuksissa tärkeää ottaa huomioon eri politiikkojen samansuuntaiset tai keskenään mahdollisesti ristiriitaiset tavoitteet. Päätöksenteon tueksi tarvitaan ajan tasalla olevaa tietoa talouskriisin vaikutuksista vapaiden käyttöön ja sukupuolten tasa-arvoon.

Terveyden ja hyvinvoinnin laitos (THL) järjesti marraskuussa 2011 Helsingissä seminaarin, jonka aiheena oli 'Vanhempainvapaat ja talouskriisi'. Tutkijat Islannista, Tanskasta, Norjasta, Ruotsista ja Suomesta kertoivat seminaarissa uusinta tietoa talouskriisin vaikutuksista vanhempainvapaapolitiikkaan kussakin maassa. Esitykset käsittelivät viimeaikaisia muutoksia lainsäädännössä, vapaiden käytössä sekä poliittisessa ja mediakeskustelussa. Tutkijat myös ennakoivat tulevaa kehityssuuntaa ja esittivät suosituksia siitä, minkälainen vanhempainvapaapolitiikka olisi jatkossa toivottavaa sukupuolten tasa-arvon edistämiseksi.

Seminaari oli osa Suomen puheenjohtajuuskautta Pohjoismaisessa Ministerineuvostossa.

Avainsanat: vanhempainvapaa, talouskriisi, sukupuolten tasa-arvo, Pohjoismaat

## Sammandrag

Sanna Parrukoski & Johanna Lammi-Taskula (red.). Föräldraledighet och den ekonomiska krisen i Norden. Seminarrapport. Institutet för hälsa och välfärd (THL). Rapport 24/2012. Helsingfors, Finland 2012. ISSN 1798-0070 (tryckt); ISSN 1798-0070 (pdf)

De nordiska länderna, där både kvinnors och mäns sysselsättningsgrad är hög och sammanjämkningen av förvärvsarbete och skötandet av små barn stöds, betraktas som jämställdhetens exemplar.

Föräldraledigheterna är en av de mest centrala system för att stöda kombinerad av arbete och familj.

I alla nordiska länder diskuteras för tillfället förnyelse av föräldraledighetssystemen. Det handlar om t.ex. längden av ledighet, nivån av kompensation som betalas under ledigheten, och flexibilitet av uttag. Under flera decennier har papporna uppmuntrats att ta mera föräldraledighet, men den ojämna fördelningen av ledighet mellan mammor och pappor är fortfarande en av jämställdhetspolitikens största problem som bör lösas.

Förutom jämställdhetspolitiken är föräldraledighet en fråga om andra politiksektorer, så som social-, arbetsmarknads- och ekonomipolitiken. Föräldraledighet möjliggör vårdarbete som är värdefullt för samhället, men föräldrapenningen kompenserar bara delvis bortfallet av lön under ledigheten, och fattigdomsriskerna är högre bland småbarnsfamiljer än bland andra barnfamiljer. Lång frånvaro från arbetslivet har negativ inflytande på karriär- och löneutvecklingen. Kostnader av föräldraledighet finansieras på olika sätt i olika länder med bidrag från arbetsgivare, arbetstagare och statens skattepengar.

Ekonomisk labilitet som började med finanskrisen i USA har efter 2008 inverkat också på de nordiska samhällen. Den ekonomiska tillväxten har försvagats och underskottet i den offentliga ekonomin har lett till diskussioner om möjliga nedskärningar i statens utgifter eller strukturella förändringar i olika sektorer. Utvecklingen av den ekonomiska marknaden, arbetslivet och den offentliga ekonomin har varierat i olika nordiska länder, några av dem har haft mindre problem än andra.

Då den ekonomiska krisens konsekvenser måste behandlas på olika sammanflätade politiksektorer är det viktigt att iaktta politikernas gemensamma samt sinsemellan motstridiga mål när man förnyar föräldraledighetssystemen. För att stöda beslutsfattningen behövs det information om krisens inverkan på uttag av föräldraledighet och på jämställdheten mellan könen.

Institutet för hälsa och välfärd (THL) arrangerade i november 2011 ett seminarium i Helsingfors om 'Föräldraledighet och den ekonomiska krisen'. Forskare från Island, Danmark, Norge, Sverige och Finland berättade i seminariet om den ekonomiska krisens möjliga konsekvenser på föräldraledighetspolitiken i respektive land. Presentationerna handlade om förändringar i lagstiftningen, om upptag av ledighet och om politiska- och mediadiskussioner. Forskare förutsåg också kommande utveckling och gav föreslag om vilken slags politik kring föräldraledighetssystemet som behövs för att befrämja jämställdhet mellan kvinnor och män.

Seminariet var en del av aktiviteterna för Finlands ordförandeskap i Nordiska Ministerrådet.

Nyckelord: föräldraledighet, ekonomisk kris, jämställdhet, Norden



## Contents

Tables and figures .....	i
Contributors.....	ii
Introduction .....	1
Economic crisis in the Nordic countries .....	2
Parental leave schemes and benefits .....	5
Take-up of leave .....	8
Leave policies development in Norway .....	12
Introduction.....	12
Changes since the crisis .....	12
Political and media discussions .....	14
Anticipated changes in the future .....	15
Recommended leave scheme development.....	16
Leave policies development in Sweden .....	19
Introduction.....	19
Changes in legislation since 2008.....	19
Changes in parental leave use since the economic crisis .....	21
Political and media discussion .....	23
Anticipated changes in the future .....	23
Recommendations.....	24
Leave policies development in Denmark .....	26
Parental leave policies in Denmark.....	26
History of parental leave legislation .....	26
The role of formal daycare.....	26
The role of fathers.....	27
Financing the parental leave system .....	28
Recent focus points and anticipated changes in the future .....	28
Leave policies development in Iceland .....	30
Leave policies before the economic crisis .....	30
The economic crisis .....	30
Changes in leave policies since 2008.....	31
Take-up of leave .....	31
Care gap .....	34
Changes in related policies since 2008 .....	34
Anticipated changes in the future .....	34
Leave policies development in Finland.....	37
Basic features of leave schemes in Finland .....	37
Parental leave policies and the economic crisis .....	37
Why a need to reform the parental leave?.....	38
6+6+6: A reform proposition in 2006.....	39
The governmental period April 2007–June 2011.....	40
The present government.....	41
Discussion.....	42
Discussion .....	44

# Tables and figures

	Page
Table 1. Level of parental benefits in the Nordic countries (2010)	6
Table 2. Expansion of the length of leave in Norway 1993-2011	13
Table 3. Current suggestion on leave from the red/green government in Norway	15
Table 4. Parental leave days used during the first 24 months after the child's birth in Sweden	19
Table 5. Use of daycare services and other childcare arrangements in the Nordic countries	26
Table 6. Attitudes on the best way of organizing childcare for children aged 0-3	26
Table 7. Mothers' labour market position in Finland	37
Table 8. Number of leave days in the present maternity, paternity and parental leave and in the models proposed by the Parental leave working group in Finland	40
Figure 1. Economic growth (GNP) in the Nordic countries 2007–2010	2
Figure 2. Employment rate in the Nordic countries 2007–2010, age group 20–44	3
Figure 3. Total fertility rate in the Nordic countries 1970–2009	4
Figure 4. Single-parent families in the Nordic countries 1993–2008	5
Figure 5. Length of parental leave in the Nordic countries	7
Figure 6. Length of childcare-related leave in the Nordic countries	7
Figure 7. Length of paternity leave in the Nordic countries	8
Figure 8. Take-up of leave days by mothers and fathers in the Nordic countries 1990–2009	9
Figure 9. Father's share of parental leave days in Sweden 1974–2010	20
Figure 10. Share of parents sharing the parental leave equally (40–60 %) in Sweden	21
Figure 11. Number of forfeited days in Sweden by birth cohort when a child turns eight	21
Figure 12. Unemployment rate in Iceland 2003–2010	30
Figure 13. The share of Icelandic fathers on parental leave 1994–2010	31
Figure 14. Parental leave days used by mothers and fathers in Iceland 2001–2010	32
Figure 15. Fathers and mothers not using all of their individual leave in Iceland 2001–2010	32
Figure 16. Fathers' use of paternity, parental and bonus paternity leave in Finland 1990–2009	38

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# Introduction

Johanna Lammi-Taskula

The Nordic countries are often seen as forerunners in gender equality. Finland, Denmark, Iceland, Norway and Sweden have for several decades been creating policies to support the reconciliation of paid employment and family life. Parental leave policies as well as child care services have been an important part of the Nordic welfare state model. Characteristic of the Nordic model is that both the employment rate of women as well as the fertility rate are high in international comparison (Ellingsæter 2009).

Gender equality and the reconciliation of work and family are not only about women. Fathers were first given rights to parental leave in 1970's (Leira 2006). During the past two decades, fathers have been in the focus of leave policies: father's quotas have been introduced and campaigns designed to encourage fathers to take more parental leave. Today, the Nordic parental leave legislation is based on an idea of shared childcare responsibility, as well as capability of both parents to take care of a child.

Still, the take-up of parental leave is not equally divided between mothers and fathers in any of the Nordic countries (Duvander & Lammi-Taskula 2010). Mothers use the majority of leave days, which has negative consequences for women's position in the labour market. The primacy of the mother in childcare can also be challenging for the father-child relationship, especially in case of parental separation.

Although there are many common Nordic characteristics in the leave policies, each country has a unique leave model with different kinds of features related e.g. to the length of leave, level of benefits and eligibility of parents for leave and benefits. Also the quotas for mothers and fathers have been realized in various ways. (Duvander & Lammi-Taskula 2010.)

By looking at the development in each country and comparing the various aspects of parental leave policies, the Nordic countries can learn from each other's experiences as they develop further their leave schemes in order to reach the unmet goals of gender equality.

To provide a general context for the country-specific presentations of recent changes, I will first describe what kinds of effects the economic crisis has had on the economic and labour market development in the Nordic countries. Maintaining, improving or cutting of welfare state policies is first and foremost a question of political decisions. However, economic sustainability plays a crucial role in the political negotiations. Thus, the outlook of the state budget set limits to the possibilities of leave policy redesign.

The economic outlook is followed by an overview of fertility development and family structure. Families have become heterogeneous, and the leave policies need to take the multiple kinds of families into account. Especially the position of single parents demands attention when gender quotas are introduced. Fertility trends are also intertwined with the patterns of leave use and have consequences for the costs related to parental leave. Although the exact impact on various policies on fertility may be difficult to analyse and verify, there is research evidence about the positive influence of policies that support work-family reconciliation (Olah 2011).

Finally, the current parental leave schemes are presented. I will look at the length of leave and the level of benefits as well as take-up by mothers and fathers in the Nordic countries.

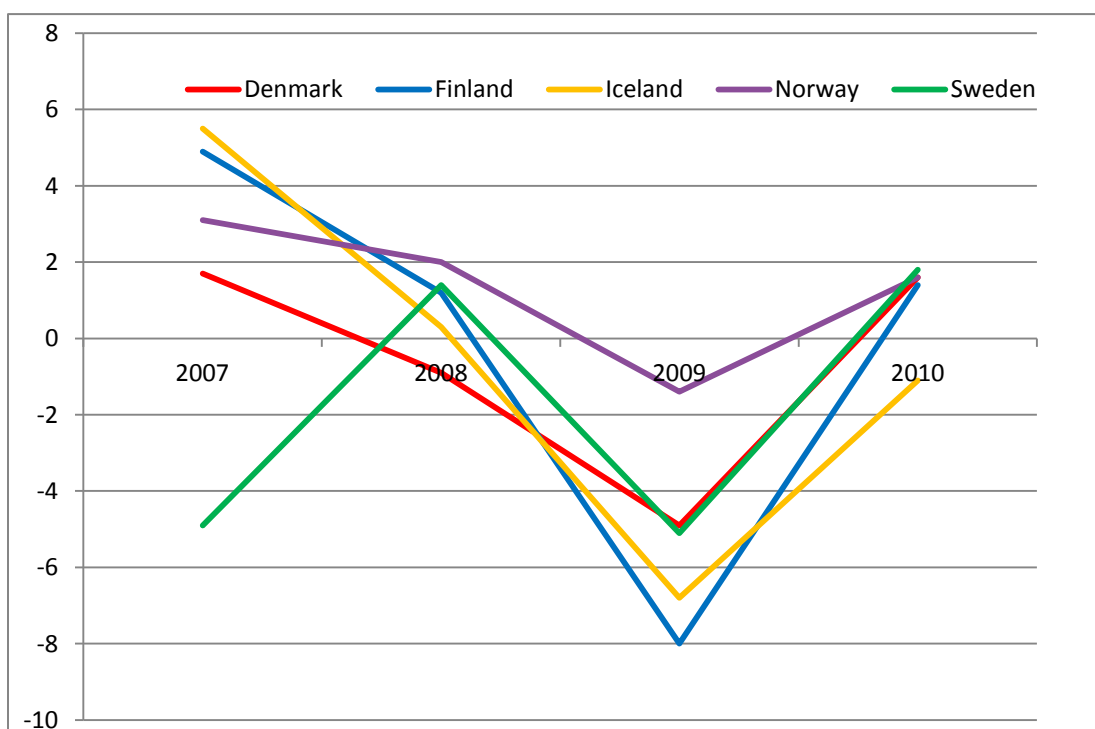
## Economic crisis in the Nordic countries

In the fall of 2008, economic growth was rapidly decelerating in many countries due to the global financial crisis. Also in the Nordic countries the economy settled into a slower path of growth than before. The GNP decreased, the budgetary position in central government deteriorated and also local government finances weakened. A rather swift recovery of the economy followed during 2009–2010 but in 2011 new problems emerged. For the coming years, slower growth is expected and the possibility of economic recession is anticipated (Ministry of Finance 2011).

Of the Nordic countries, Norway is the richest one measured with GNP per capita. The differences between the other countries are relatively small, but Finland and Iceland have the lowest level of economic welfare. In the 2008 economic crisis, Iceland and Finland were hit hardest in terms of GNP while Norway had less severe problems (Figure 1). There was only slight decrease of the GNP in Norway, but the other countries faced a drop of growth that was between five and eight percentages. Soon after the crisis there was however new growth in the Nordic countries, only in Iceland the economy continued to decrease somewhat also in 2010.

**Figure 1. Economic growth (GNP) in the Nordic countries 2007–2010, %**

Source: Eurostat and national statistical institutions



## Employment rate

In international comparison, the employment rate of women has been higher in the Nordic countries than in the EU or in OECD countries in average. Before the crisis in 2008, the employment rate of women aged 15–64 was over 80 % in Iceland, 73–75 % in Sweden, Denmark and Norway, and almost 70 % in Finland, while the EU average was under 60 % (OECD).

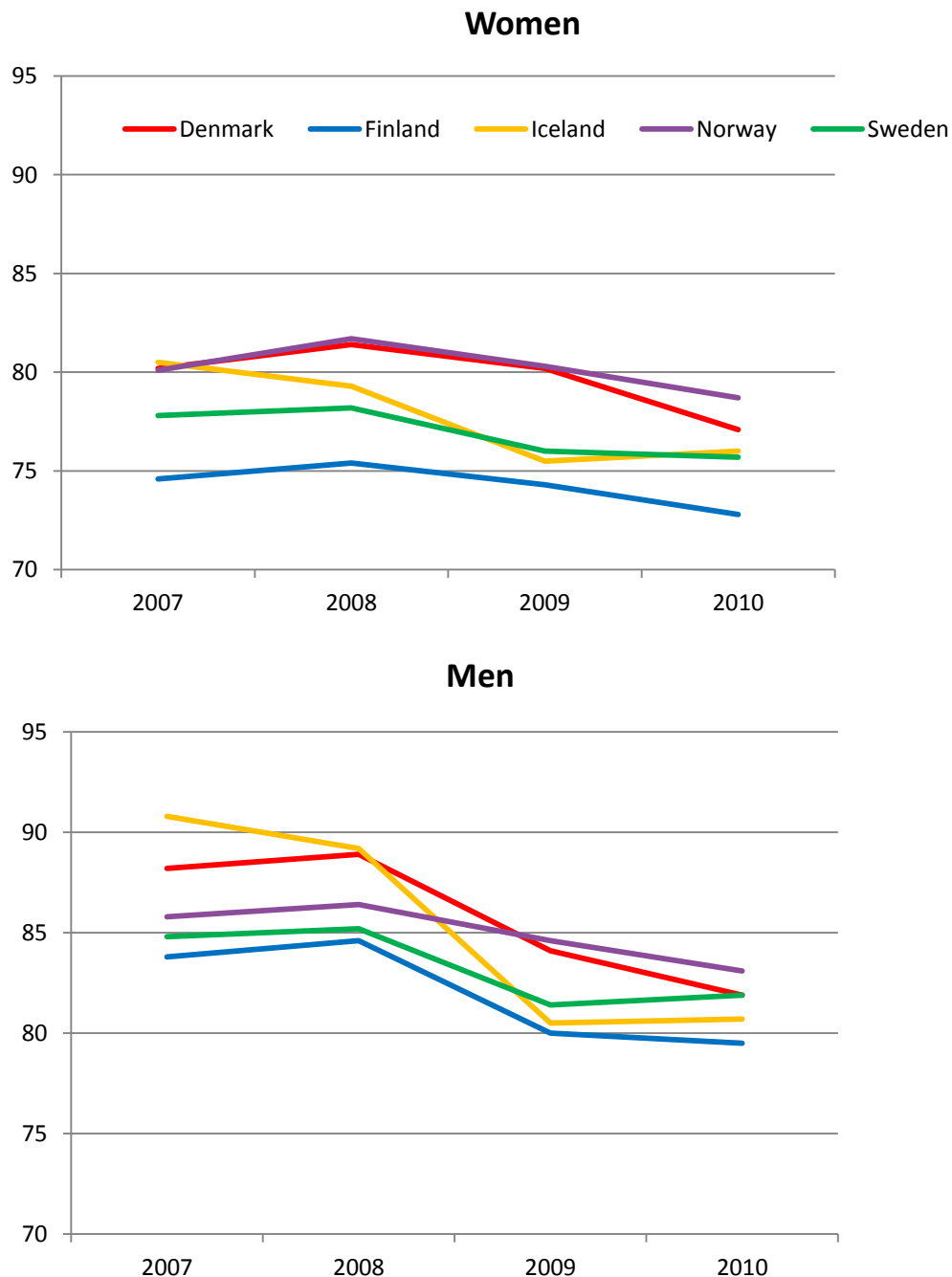
There is however a clear gender gap in the employment rate also in the Nordic countries: women's employment rates are lower than men's. This is true also in the age group 20–44 when people usually have young children (Figure 2). Employment rates of both women and men in this age group are lowest in Finland and highest in Norway. The most dramatic change has happened in Iceland where the high

employment rate of men in this age group (over 90 % in 2007) came down about 10 percentage points as the economic crisis hit the country. The respective change among women's employment in Iceland was not as severe, and men in the other Nordic countries experienced a smaller drop of employment rate.

Unfortunately, the employment rates of mothers and fathers are not available for analysis. We know that in Finland mothers and other women have similar employment rates, but fathers have been able to remain in the labour market while single and childless men are those who more often have faced unemployment due to the crisis (Statistics Finland 2010).

**Figure 2. Employment rate in the Nordic countries 2007–2010, age group 20–44, %**

Source: Eurostat

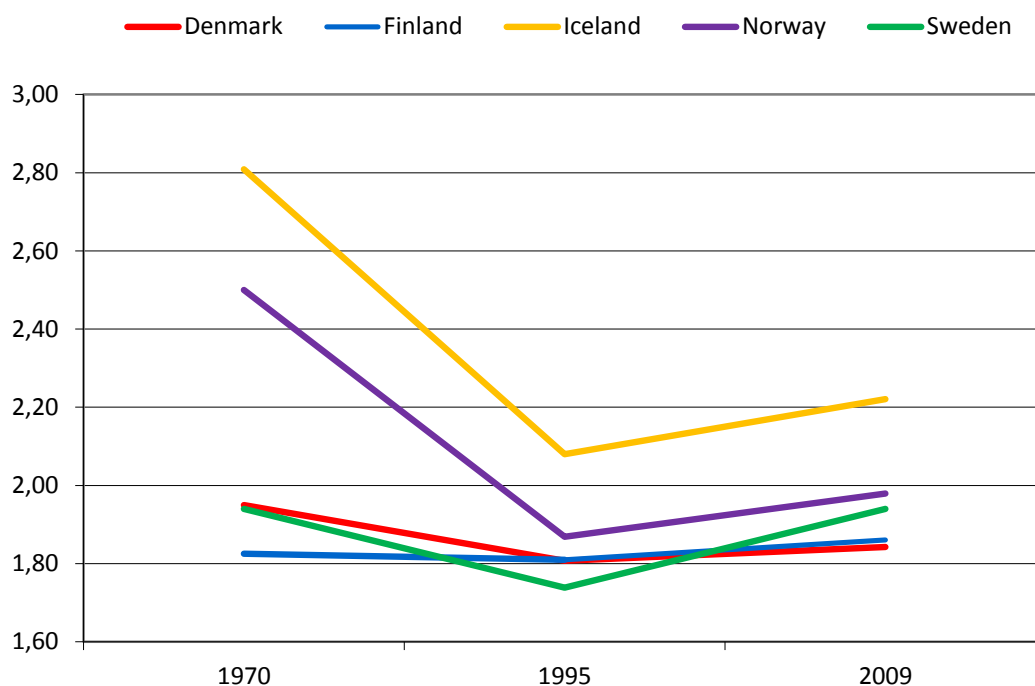


## Fertility and family structure

Fertility rates in the Nordic countries are high in European comparison. In 2009, the total fertility rate was between 1.84 and 2.23 in the Nordic countries while the average for the EU27 countries was 1.59 (Eurostat 2011). Differences between the Nordic countries have decreased during the past decades (Figure 3). In the 1970's fertility was higher in Iceland and Norway than in Denmark, Sweden and Finland. Today Iceland is the only outlier with fertility rate that is above the population replacement level. Since the 1990's there has been slight increase in the fertility rate in all the Nordic countries, especially in Iceland and in Sweden.

**Figure 3. Total fertility rate in the Nordic countries 1970–2009**

Source: OECD Family Database

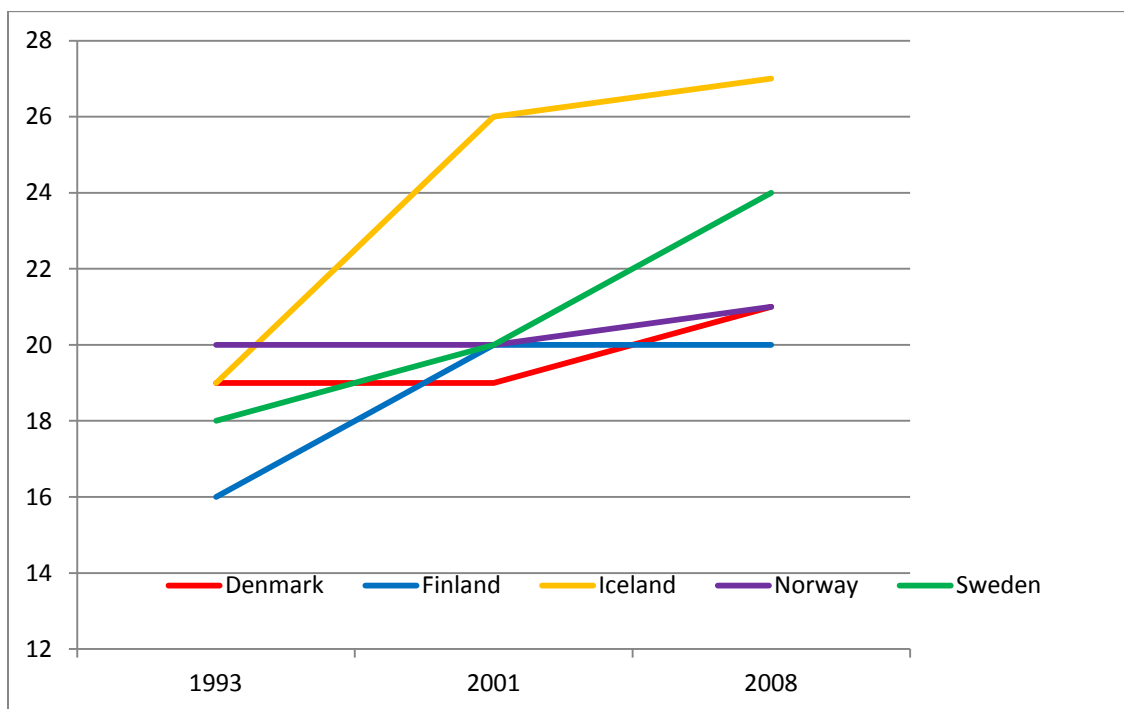


Iceland and Sweden differ from the other Nordic countries also regarding family structure: the proportion of single-parent families is about one in four while it is one in five in the other countries (Figure 4). Single parenthood has become more common in all the countries during the past two decades, as children are more often born to cohabiting parents who have a higher risk of separation than married couples (Haataja 2009). The increase of single parents has been especially notable in Sweden and in Iceland. Finland has the lowest proportion of single-parent families but the differences between Finland, Denmark and Norway are small.

Most single parents are women: for example in Finland only one in six single parents are men (Statistics Finland 2011). Even if joint custody of children has become more common and children spend time more equally with both parents after separation, it is still more common that children live with their mothers. Parental separation causes various limitations to parental leave rights for those parents who do not have custody or do not live with their child (Duvander & Lammi-Taskula 2010).

**Figure 4. Single-parent families in the Nordic countries 1993–2008, % of all families with children**

Source: Nososco and national statistical institutions



## Parental leave schemes and benefits

There are many ways one can compare parental leave schemes, and different countries rank higher or lower depending on the perspective taken. The most obvious aspects of comparison are the length of leave and the compensation level during leave.

The length of leave is relevant for example from the child's perspective (length of home care period) as well as from a labour market and organizational perspective (length of absence from paid employment, finding substitutes and reorganizing tasks, supply of fixed-term employment related to leave) and welfare state perspective (demand of public child care services, income tax revenues).

The level of compensation paid during leave is interesting both for the welfare of families and for the financing of leave. Low compensation level means lower costs for those who finance the benefits (state, employers, employees) but increases the risk of poverty in families with young children. Although the Nordic countries are affluent societies with low child poverty rates in international comparison (Bradshaw 2006), the level of parental benefits is still highly relevant for the subsistence of most families. For example in Finland the poverty rate of children under school age is higher than that of older children (Sauli et al 2011).

To combine the perspectives of leave length and compensation level, a concept of effective parental leave is used. According to a comparison of effective leave (Unicef 2008), Norway has the most generous leave scheme in the world. The other Nordic countries are all in the top-11, but countries like France and Germany are ranked higher than them.

In the following figures, the Nordic countries are compared first on the basis of length of parental leave with income-related benefits (Figure 5) and on the basis of length of total leave that can also include leave periods with a flat-rate compensation or no compensation at all (Figure 6). Income-related benefit provides



the family with a rather high compensation (70–100 % of previous income, see Table 1), while a flat-rate benefit covers considerably less of the missing earnings during leave. Those parents who have not been employed before childbirth or have had a very low income level receive a minimum benefit.

**Table 1. Level of parental benefits in the Nordic countries (2010), % of previous income or €/month**

	Denmark	Finland	Iceland	Norway	Sweden
maternity leave	100 %	70–90 %	80 %	80–100 %	80 %
paternity leave	100 %	70 %	-	0**	80 %
parental leave	100 %	70–75 %	80 %	80–100 %	80 %
father's quota	–	70–75 %	80 %	80–100 %	80 %
minimum €/month	1092*	551	383	500	604
maximum (ceiling)	2036	–	1830	4053	3318
Flat rate €/month	–	314***	0	407	344****

\* For young parents under 25 who have received reduced social benefit (ungesats)

\*\* agreed in individual or collective agreements

\*\*\* + supplements

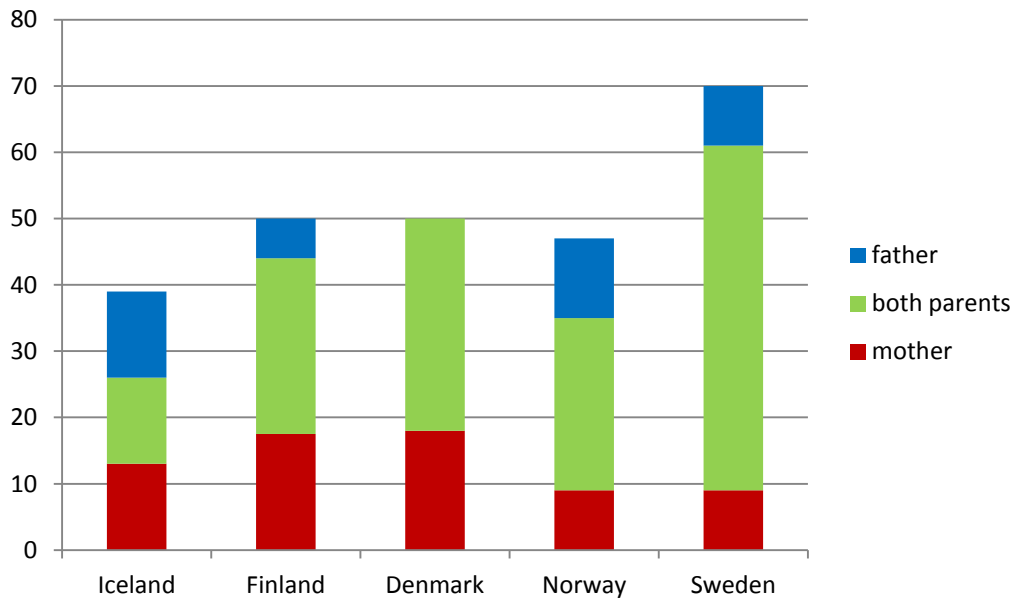
\*\*\*\* decided by the municipality

Sweden has the longest parental leave period with an income-related parental benefit (Figure 5). One parent can receive 80 % of previous income (with a rather high ceiling, see Table 1) for over one year of parental leave including the mother's or father's quota. If both parents use the maximum amount of leave available to them, the total length of leave with income-related benefit is 70 weeks. In Sweden parental leave can be taken until the child turns eight years, and also on a part-time basis.

Finland and Denmark have both a total leave period of about 50 weeks, but in Finland part of parental leave (six weeks) is earmarked to the father and can not be taken by the mother. Paternity leave that can be taken simultaneously with the mother is not included in the figures. The compensation rate in Finland varies between 70–90 % with no ceiling, in Denmark parents receive a 100 % benefit but the ceiling is rather low (Table 1).

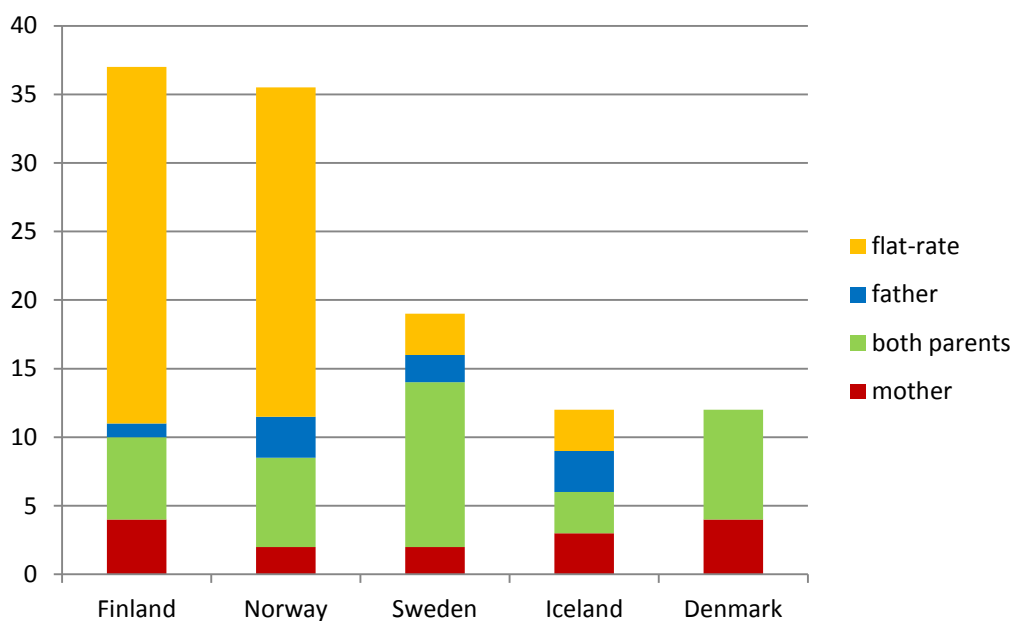
Iceland has on the one hand the shortest total parental leave (less than 40 weeks), but since 2003 it has been the leading country in fathercare with a three-month father's quota. The compensation level is 80 % of previous earnings with a ceiling that has been lowered several times during the recent years. In 2011 Norway shared the top place with Iceland as the father's quota was lengthened from 10 to 12 weeks. In Norway parents can choose a 100 % benefit during a shorter period (total of 47 weeks) or a benefit of 80 % for a longer period (57 weeks). The ceiling of the parental benefit is the highest in the Nordic countries.

Denmark is the only Nordic country with no father's quota since they abolished it in 2002. Instead, Denmark has together with Finland the longest mother's quota of leave: both countries have a maternity leave of four months (starting before childbirth).

**Figure 5. Length of parental leave in the Nordic countries (income-related benefit), weeks**

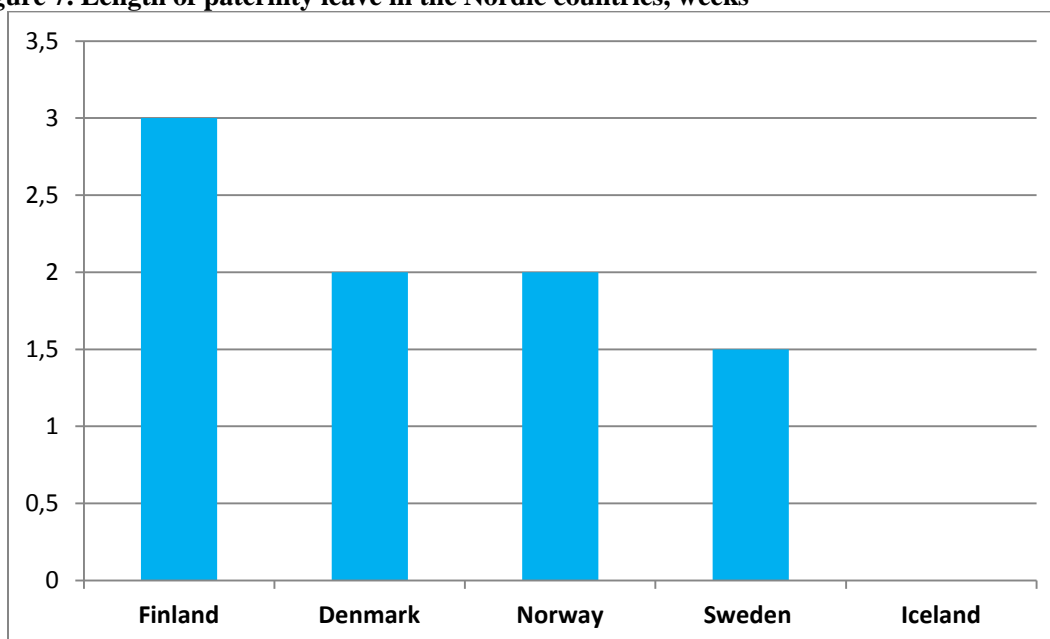
When the child care leave period with a flat-rate benefit is taken into account, Finland and Norway take the top positions in the Nordic context as both countries provide parents with a home care allowance as an alternative to public day care for children under three years of age (Figure 6). In the other Nordic countries there are municipalities that provide a similar benefit, but no statutory scheme (Eydal & Rostgaard 2010). The benefit is low (see Table 1) and covers only about 10 % of average earnings.

In Sweden 90 days of parental leave are covered by a flat-rate benefit, and in Iceland parents can take 13 weeks of unpaid child care leave after the parental leave. Both in Sweden and in Iceland leave can be taken until the child is eight years old.

**Figure 6. Length of childcare-related leave in the Nordic countries (income-related + flat-rate or no benefit), months**

Fathers are provided two kinds of non-transferable leave: the father's quota that was mentioned earlier, and paternity leave. While the father's quota is meant to encourage independent childcare by the father when the mother has returned to work or studies, paternity leave is usually taken soon after the child is born so that the father stays at home together with the mother who is recovering from delivery. Paternity leave is quite a short period compared to the total length of parental leave. Of the Nordic countries, Finland has the longest paternity leave (three weeks), and Iceland has no such leave (Figure 7). However, in Iceland the father can take part (or all) of his parental leave quota while the mother is also on leave.

**Figure 7. Length of paternity leave in the Nordic countries, weeks**



## Take-up of leave

The take-up of parental leave by mothers and fathers reflects the leave rights provided in each country. The introduction of gender quotas has had a clear effect on take-up patterns: fathers take the bigger share of parental leave in countries that have a longer non-transferable father's quota than in countries where the quota is shorter or non-existent. Similarly, the mother's share gets higher if there are earmarked period for her such as maternity leave in Finland and Denmark, or mother's quota of parental leave in Iceland, Sweden and Norway.

The take-up ratio of parental leave days (including maternity and paternity leave) is most equal in Iceland (Figure 8) where a third of the total parental leave period is reserved for the father, and where fathers also widely use their leave quota. Until 2010 leave had to be taken within 18 months after childbirth<sup>1</sup>. In Sweden and Norway the father's quota is shorter (two months at the time of the analysis<sup>2</sup>) and it can be taken during a period of several years<sup>3</sup>. The annual proportion of leave days taken by the father is about one fourth in Sweden and over ten per cent in Norway.

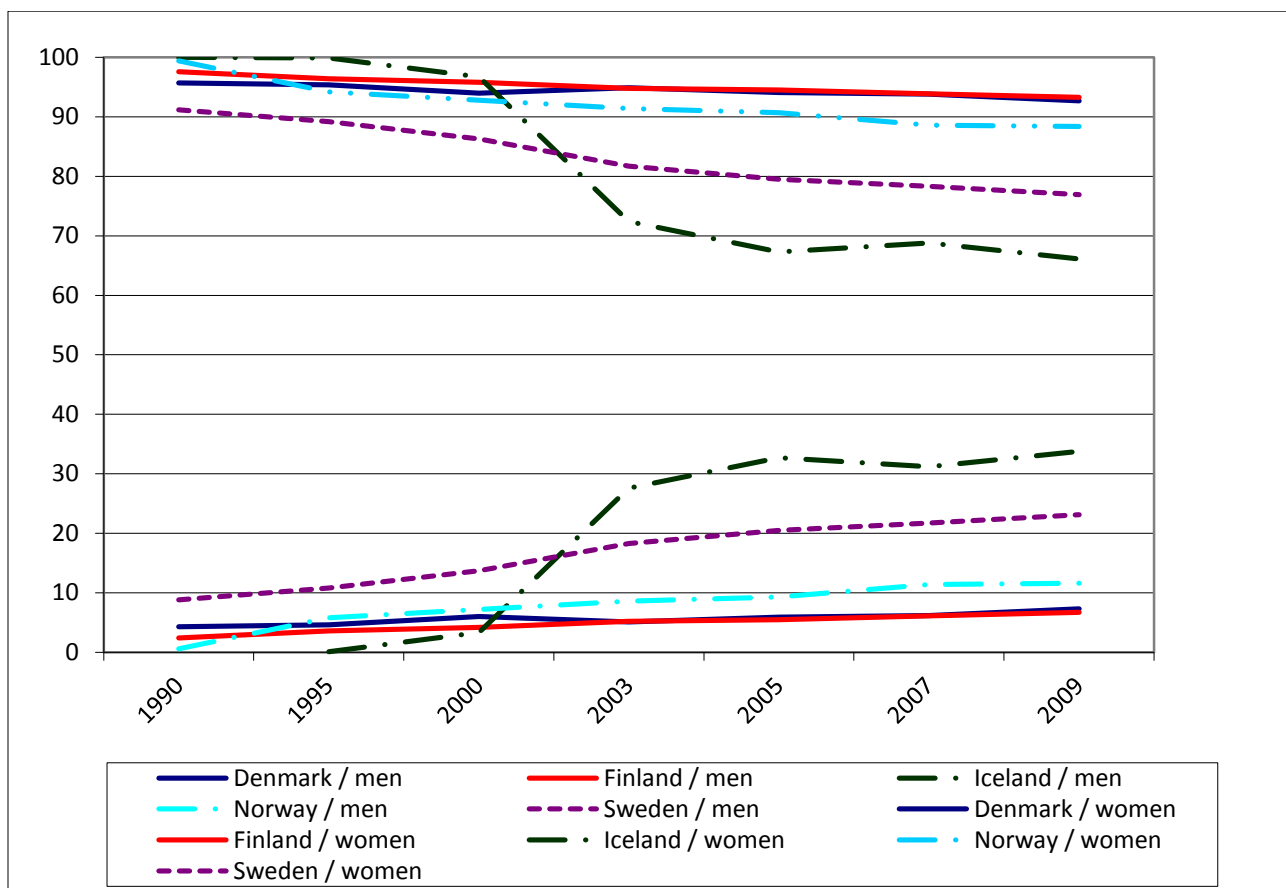
<sup>1</sup> Since 2010 leave can be taken within three years after childbirth in Iceland

<sup>2</sup> Since 2011 the father's quota is three months in Norway

<sup>3</sup> Eight years in Sweden and three years in Norway

The gender division of parental leave take-up is least equal in Finland and Denmark. Finland has a short father's quota (one month) that is not an independent entitlement for the father as he needs to negotiate with the mother about sharing two weeks of "normal" parental leave in order to get his extra month. Although Denmark has not had a father's quota for some time, Danish fathers still take a similar proportion of leave as fathers in Finland i.e. about seven per cent of all parental leave days.

**Figure 8. Take-up of leave days by mothers and fathers in the Nordic countries 1990–2009 (%)**



The take-up of leave with a low flat-rate or no compensation is included in Figure 8 only if this period is part of the parental leave scheme. This is the case in Finland and Norway, where child home care after parental leave is supported as an alternative to public daycare. In Finland most parents who receive the home care allowance also take leave from employment so that less than half of children under three are in day care. The parents staying at home with a child over ten months are mostly (97 %) mothers. In Norway leave arrangements are less popular among parents with a 1–2-year old child and two of three children in this age group are in day care (Eydal & Rostgaard 2010).

## Discussion

The main pattern of childcare policies in the Nordic countries is twofold: home care for babies under one year provided by parents, and after that publicly provided and supported professional daycare for children under school age. The first nine to twelve months of a child's life are covered with parental leave schemes with a rather high benefit while a lower compensation level is related to a longer child care leave.

Within this big picture there is variation in the Nordic leave schemes both in the length of leave, the level of compensation during leave as well as the provision of individual rights and transferability of leave between mothers and fathers. All these aspects are relevant for gender equality, and special attention needs to be paid to them during economic recession.

Finland and Norway provide longest child care leave periods with some kind of compensation, and especially in Finland these are quite popular. From gender equality perspective this is problematic as long leave is mainly taken by mothers, which has negative consequences for women's career and income development. Longer leave periods are more common among women with lower educational level. During economic recession this group faces higher risk of unemployment and a long period of absence due to child care does not promote their possibilities for future employment.

Parental benefits are an important part of family income while one of the parents is on leave from employment in order to take care of a young child. The level of benefit is related to the poverty risk of families and children. Those who have no previous income – or very low income – before childbirth receive a minimum benefit that is considerably lower than the average income-related benefit. Growing unemployment due to the economic crisis increases also the proportion of minimum benefit receivers who are mainly women.

In order to promote gender equality, father's quotas have been introduced in all the Nordic countries, although the quota was abolished in Denmark. Experiences from Iceland, Norway and Sweden have shown that longer quotas for fathers have been a successful policy tool to achieve higher take-up of leave by men. The father's activity in childcare creates space for the mother's activity in the labour market, and vice versa. Fathers take parental leave more often in families where the mother is highly educated and/or has a white-collar position with some career possibilities. In these families, the traditional primary position of mothers in childcare is challenged because of labour market and economic aspects. The existence of the father's quota brings this challenge further: it places the father as an equal carer and points out also the importance of a close father-child relationship for the well-being of both men and children.

The 2008 financial crisis did not cause any dramatic consequences on the economic situation or employment rates in the Nordic countries. Thus, parental leave schemes have not been targeted for potential savings, with the exception of Iceland. In the context of the continuation of the economic crisis after a short recovery period, the development towards more equal parental leave schemes as well as more equal take-up of leave may however be at risk also in other Nordic countries. The slow but steady progress towards more equal sharing of child care and breadwinning responsibilities in Nordic families is not self-evident if the main aspects of parental leave policies – length of leave, level of benefits, and gender quotas – are compromised for short-term economic reasons.

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# Leave policies development in Norway

Berit Brandth

## Introduction

While the global recession and financial crisis was felt also in Norway, the impact of it on the Norwegian economy was less severe than elsewhere. Financial institutions were only mildly affected, public finances remained sound, and unemployment stayed low. Targeted actions from the government also helped to mitigate the effects of the crisis. For instance, the Bank of Norway reduced its key policy rate by 4.5 percentage points from October 2008 to summer 2009, to a historically low rate of 1.25 per cent. This had a relatively rapid impact on the purchasing power of Norwegian households since around 90 per cent of all home mortgages in Norway have floating rates, and the home ownership rate is high (Johnsen 2011).

With this background, reductions in the parental leave rights are not to be expected. In government's documents on family politics and gender equality, it is not suggested that measures have to wait because of the financial situation/crisis. I think there is sound reason to conclude that in this area business has continued as usual. However, there have been changes during this period.

## Leave policies before the crisis

Table 2 shows the changes in the length of the various parts of the parental leave since 1993. In 1993, the father's quota was introduced, and the total length of the leave was extended to one year with 80 per cent income-related compensation. The parental leave remained unchanged for 12 years until 2005 when the father's quota and the total length of the leave was extended with one week. A similar extension was effectuated in 2006. One may thus say that the total length of the leave has increased rather slowly until 2009. Mother's part and the sharable part of the leave remained unchanged for 16 years between 1993 and 2009, but the father's quota increased with two weeks as the total extension benefited this part of the leave.

## Changes since the crisis

### Length of leave

The year after the economic crisis, in 2009, the father's quota was extended by one month to a total of 10 weeks. This was done by expanding the total length of the leave with two weeks and reducing the sharable part also with two weeks. Similar extension of the leave followed in 2011 when the father's quota was increased by additional two weeks to a total of three months. By expanding the father's quota while reducing the sharable leave, costs were kept down.

However, this way of increasing the parental leave raised some debates. Some argued that one takes from the mother and gives to the father, which shows that the sharable part is discursively defined as mother's leave. It is also so in practice as fathers tend to take only the leave that is defined as theirs. Nevertheless, we notice that the length of the total leave has in fact increased with three weeks since the economic crises, and the father's quota has been doubled in length.

As table 2 shows, Norwegian parental leave policies have put priority to fathers during the past years, using the quota to increase fathers' participation in child care. This is because it is well known that an individual right reserved for fathers is the most effective way to get fathers to take parental leave. Quotas are a well known type of measure when it comes to changing the gender balance in an area where one gender persistently dominates.

**Table 2. Expansion of the length of leave in Norway 1993 – 2011**

Total	Before birth	Mother's part	Sharable part*	Father's quota
1993: 42/52	3 weeks	6 weeks	29/39 weeks	4 weeks
2005: 43/53	3 weeks	6 weeks	29/39	5 weeks
2006: 44/54	3 weeks	6 weeks	29/39	6 weeks
2009: 46/56	3 weeks	6 weeks	27/37	10 weeks
2011: 47/57	3 weeks	6 weeks	26/36	12 weeks

\*Formulated as parents' mutual right and not a right for the individual mother or father.

Meanwhile, we see that nothing has changed concerning mothers' part. Mothers have to take three weeks of parental leave before birth and six weeks after it. This is an old right having to do with the health protection of working mothers and their children after birth. I think that not extending mother's part – it is never defined as mother's quota – has to do with the meaning of the quota, as an instrument to change the gender balance. However, in recent public documents, a different type of argument can be found, stating that extending the mother's part will change the discursive meaning of the sharable part as it will be more clear what is meant for mothers and what is for both parents.

In sum, the largest increase in the length of parental leave has been after the economic crisis. The total length of the leave has increased by three weeks, and the sharable part has been reduced by three weeks, together allowing for a six weeks increase in the father's quota.

### Changes in eligibility rights

Since the economic crisis, there have also been important changes in the eligibility rights to parental leave. In Norway, eligibility to use parental leave is closely linked to employment. The idea is that parental leave and the benefit are a substitute for parents' wages. In broad terms, both parents must earn the right to the parental benefit by being employed (with a minimum wage/pensionable earnings) for at least six of the last ten months before leave starts.

This means that fathers do not have the right to father's quota or sharable parental leave in all instances. Instead, the right to leave depends on what the mother does before or after the leave. There have, however, been changes in the eligibility rights that have eased these rules. Over the years there seem to have been two questions that these rules have had to deal with. The first question concerns work. What is meant by work – what may for example count as equivalent to work in these instances – and how much work is needed? It may in many ways seem like a logical failure to make fathers dependable upon mothers' employment when the aim is to increase their involvement in child care. On the other hand, the intention of the government is not to have to pay parental money to two parents at the same time. In 2000 (Ot.prp. nr. 52 [1999–2000]) an important change happened: fathers were given an independent entitlement to use parental leave in instances where the mother went back to work or education or where the father was needed to take care of the child because of mother's illness. Thus, for the sharable part of the leave, it is important what the mother does after her leave. For the father's quota, the rules are a bit different, and the mother may stay at home while the father uses his quota.

Until 2010 there was, however, a demand that a mother had to work in a more than 50 per cent position for a father to be entitled to the father's quota. When this rule was abolished it was estimated that 1 500 more fathers became eligible to the father's quota. Yet, it is estimated that about 6 500 fathers (ca ten per cent) who have themselves earned the right to parental leave, do not have the possibility to use it because the mother has not earned the right, or does not fulfill the demand for activity after the birth.

Concerning the definition of work, eligibility rights have been extended after the economic crisis in 2010 when parents on so-called "work assessment allowance (AAP)" earned the right to parental money, and in 2011 when mothers on disability pension did so. In sum, there have been important extensions in the eligibility rules after the economic crisis.



### Changes in the take-up patterns

Father's quota is used by most fathers who are eligible to it. When the leave was shorter, most fathers who used the leave took exactly the number of weeks that corresponded to the length of father's quota. As the quota has been extended, fathers have adjusted and their leave periods have become longer. Less than 10 per cent have taken less leave than the father's quota would allow. These figures reflect the situation before the father's quota was extended to 10 weeks in 2009 (Fougner 2009).

The full effect of the expansion of the father's quota in 2009 will be seen in the statistics for 2011. There is, however, a registered increase in the number of days fathers are paid the parental benefit from 11.8 per cent in 2009 to 15 per cent in 2010. Nav figures (Nav 2011) show that every time the father's quota has been extended, there has been an increase in father's use of the leave the following year. On the first half of year 2011, over 37 per cent of fathers took 10 weeks of parental leave or more while a year earlier less than 14 per cent of fathers did so.

The development also shows a large increase in flexible use of parental leave, especially among men. More parents are using the shorter leave with 100 per cent wage compensation. With increased length, it is expected that more fathers will choose to split up the leave in several shorter periods. We know too little about the influence of a long and flexible leave on the take-up pattern.

We don't know much about the impact of the economic crisis on parental leave take-up rates, either. As mentioned, Nav figures show a steady increase in take-up rates in the last years. However, there might not be an even increase in all groups from different sectors of the industry since the crisis affected the sectors differently.

### Political and media discussions

Family is a much politicized issue in Norway but with one exception (cash for care) it has not been common for the next government to undo what the previous one did. Media and political debates concerning parental leave have focused on fathers. In periods when the debate has its intensive peaks, one can often see headlines like "The daddy leave debate rages".

### Free choice

Flexibility and freedom to choose is the ideological mantra of the right of the political spectrum in Norwegian politics. Their dominating arguments are characterized by Ellingsæter (2011) as 'hard-core-liberalism'. The Conservative Party (Høyre) wants to limit the state's intervention in private life. The leader of the Right party claimed that the proposal to prolong the father's quota and divide the parental leave into three equal parts "will be a governmental infringement and rude coercion against families' freedom to choose for themselves how to organize their lives." In right-wing politicians' opinion, families should be able to make their own free choices concerning the use of the leave.

Few issues activate the normative positions of the Norwegian right-left axis more than family politics. One front in this respect is that between liberalist freedom of choice versus social-democratic regulation. These two opposing positions reflect a fundamental division in how to view the role of the state and the borders between state and family. The political right in Norway seems much consolidated when it comes to free choice. The Conservative Party has decided to abolish the father's quota altogether if they come into power on the grounds that it does not allow for free choice for parents.

### Tripartite division of the leave period

Although, or because, it is the father's quota that has received the most attention in politics, it stands out as the most controversial element in the parental leave scheme. The last two expansions of the quota have led to heated political debates. One such debate is on the question of a tripartite scheme.

In 2008 an expert committee set by the government, the "Equal pay commission" (NOU 2008), proposed a tripartite model of parental leave with one third for the mother, one third for the father, and one third to share between parents. This model was backed up with three arguments. First, sharable parental leave is mostly used by mothers; second, an earmarked leave for fathers would ensure their rights vis-à-vis

employers; and finally, it would ensure greater equality between young male and female job applicants as employers must calculate for the risk of future absence also for men.

In the debate following the proposition, three main positions could be identified: those who argued that the present model is adequate; those who supported the idea of extending the father's quota but not within the present length of the leave (several other models of sharing were suggested); and those who were against a tripartite model and other models of sharing. All the arguments are thoroughly analyzed in an article by Anne Lise Ellingsæter (2011). The dominant argument against the division of the leave into three equal parts was mothers' rights and children's best, particularly the need for mothers to breastfeed their children. The proponents of breastfeeding argued that a tripartite model with the present length of leave at that time (2008) would be too short for mothers who wanted to follow the WHO breastfeeding recommendations of six months of exclusive breastfeeding and continued breastfeeding for as long as possible after that.

Normally, the differences in family politics in Norway reflect the right-left cleavages in politics. In this case the left was also divided. The anti-arguments used within the social democratic party had to do with breastfeeding and children's best. The prime minister himself put an end to the political debate by stating that such a model was not of current interest.

### Breastfeeding

This debate became very intense in 2008 following the discussion about the tripartite model (see Ellingsæter 2011). Just recently (November 2011) it has again become a hot topic in the media. This time it was ignited by the Minister of Children, Equality and Social Inclusion, Audun Lysbakken. Lysbakken became father for the first time in 2010 and made use of the father's quota earlier this year (2011).

During his leave Lysbakken wrote a book called "Freedom, Equality and Fatherhood" (Frihet, likhet, farskap) about his experiences of becoming a father and taking leave – a book that mixed with his political views on parental leave, provoked part of the public opinion. Particularly, a statement that the bottle is a good substitute for breastfeeding and that mothers who cannot breastfeed should not be made feel inadequate, was picked up by the media and political opponents. In the debate breastfeeding is used as an argument against an extension of the leave quota for fathers.

### Anticipated changes in the future

A proposal to change the division of various parts of the leave in a tripartite direction will be put forward by the present red-green government in January 2012. The aim is to divide the parental leave into three parts. However, with the present length of the leave the three parts would not be of equal length (Meld.St. 2010–2011).

**Table 3. Current suggestion on leave from the red/green government in Norway**

Total* (2011)	Before birth	Mother's part	Optional	Father's part
47 weeks 3+44	3 weeks	12 weeks	20 weeks	12 weeks

\* With 100 % pay

As Table 3 shows, the three weeks that mothers must take before the birth will remain separate in the model. With 100 per cent income compensation the proposal gives a similar period of 12 weeks each to both mother and father. The sharable part will be the longest, 20 weeks, or 30 weeks if the parents choose 80 per cent pay. The red/green government has as an aim to prolong the father's quota to 14 weeks.

A totally different development may be the result after the next parliamentary election in 2013. The political right in Norway (the Conservative and the Progress party) is consolidated on free choice, and the Conservative Party (Høyre) has decided to abolish the father's quota altogether if they come into power. In

this case, most of the leave will be optional. This is a realistic scenario as the Conservative Party had an enormous success in the recent (September 2011) local election and is doing very well on the opinion polls. If this happens, it would be a paradigmatic change that dismantles what has been the normal politics of parental leave for the past two decades.

## Recommended leave scheme development

Seen from the outside, Norway and the other Nordic countries have the best parental leave schemes in the world, something I think we should be proud of. Other countries look up to the Nordic countries in this respect. The Nordic countries have achieved a lot, but that does not mean the systems cannot be improved and adjusted to a changing society and changing care needs.

The parental leave schemes have several objectives, and the various parts of the scheme have their own separate aims – such as mother's and child's health after birth, gender equality, father-child relationship, children's best interest. It is also an expressed anticipation that the parental leave scheme will lead to increased fertility and sound labour force supply. There are good reasons to question whether the leave schemes can fulfill all such aims. My recommendations for further development will be tied to what are seen as important objectives.

### Gender equality

Concerning gender equality, parental leave, including the father's quota, has no doubt contributed to promoting a more equal distribution of labour market participation for women and child care for men – the dual earner/dual carer family model. An apt question is what more we can expect from it when it comes to gender equality? Fathers may take longer leaves, but it remains to be seen whether they will use it in a gender equal way. It is also anticipated that a more equal sharing of the leave will lead to more equal pay between women and men in the labour market. However, research shows variable results as of now.

It is doubtful whether a much longer leave period will promote gender equality. It is not unthinkable that it could be counterproductive and lead to discrimination of women (or parents) in the labour market.

### Father-child relationship

An improved father-child relationship is a pronounced objective of the father's quota, and so far the quota has worked well in this respect. Research has shown that the length of leave matters for the amount of time fathers and children spend together also when the children have become older (Duvander and Jans 2009). Based on the Norwegian debate there are, however, reasons to question the benefit of extending the length of the quota rapidly. What we are seeing in Norway after prolonging the father's quota to 10 and now 12 weeks may be a counter-reaction in the public opinion.

Another recommendation concerning the ability of the father's quota to meet its goal of a better father-child relationship, concerns its flexibility. Research has shown that flexible use has not proved as efficient when it comes to the development of care rationality in men as has a continuous period of leave. A continuous period during which fathers have responsibility of a child alone when the mother works, make men acquire an independent care competence and not just become supportive players for the mother (Brandth and Kvande 2003). Further research is needed to establish how fathers use a longer leave that is flexible and can be extended until the child is three years old.

### Children's best

What then would be my recommendation concerning the aim of children's best interest? With children's best interest in mind it is perhaps easier to recommend a longer leave. One or perhaps one and a half year long parental leave with 100 % pay would bridge the child care gap, ie the period between the end of parental leave and the time when a child gets a place in kindergarten. Even though Norwegian children are guaranteed a place in kindergarten at the age of one, there is not always a place ready for them when the parental leave period is over. More importantly, a longer leave would ease the general worry that one year old children are too young to benefit from the kindergarten. There is a debate in Norway concerning the

best care for children under three – home based care or kindergarten. What we have learned from research is, however, that what matters is the quality of care be it provided in the home or in a kindergarten (Brandth and Gislason 2011).

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# Leave policies development in Sweden

Ann-Zofie Duvander

## Introduction

The recent economic crisis has hit Sweden far less than the previous crisis in the 1990s. It seems that at least so far there has not been as much need for cutbacks or savings. In addition, compared to the 1990s, family policy has been less discussed in relation to the crisis. Nevertheless, since 2008 some changes in legislation as well as use of the leave have occurred.

One major reason for the lack of focus on family policy is probably that childbearing has remained stable. When the economic crisis started, Swedish demographers got a lot of media inquiries about future fertility and whether one should expect a parallel development to what happened in the 1990s. In the early 1990s Sweden's fertility went from being among the highest in Europe to record-low figures in a couple of years. Fertility started to recover in the end of the 1990s and especially in the 2000s. For the past couple of years, the total fertility rate (TFR) has remained stable at around 1.9 children per woman (statistics available at [www.scb.se](http://www.scb.se)).

Recently we have also seen a trend of having three children per family. There is no obvious connection to the crisis, and the trend is especially present in cities and their suburbs. However, the two-child norm is still the dominating pattern among families and there is no trend towards one-child families (SCB, 2011).

The economic crisis in the 1990s postponed childbearing and many men and women born in the 1970s waited with starting a family. They have now caught up and are ending their fertile period with a somewhat a lower proportion childless women and men (statistics available at [www.scb.se](http://www.scb.se)).

The economic crisis also coincided with a number of long-awaited investments in family policy. Thus, there was increased generosity rather than cut-downs. In 2006 the new conservative-liberal government launched some of these changes. However, the generosity increased already before the new government took over, particularly as the ceiling of benefits was increased substantially, as well as the flat-rate benefit for those who cannot claim earnings-related benefits.

## Changes in legislation since 2008

The only major change in the Swedish parental leave system since 2008 has been the introduction of the gender equality bonus but there have been changes in related areas of family policy. Particularly worth mentioning are the municipal homecare allowance and preschool investments launched in 2008.

### Gender equality bonus

The message that the gender equality bonus carries to parents is that the more they share the leave the more bonus they get. The bonus is a tax credit paid to parents' tax account the year after the parental leave is used. The parent who has used the most parental leave days is entitled to the bonus if he or she works or studies when the other parent is using parental leave. For every day that the parents share the leave more equally, a tax credit of 100 SEK (approximately 10 euro) is received. The bonus is not applied to the two months reserved for each parent or the flat-rate days and can thus be paid for a maximum of four and a half months (Duvander and Johansson, 2010). The bonus is gender-neutral in its regulation but hardly in its implication as it encourages women to shorten their leave and men to extend their leave.

Parents who have used the leave in a way that may entitle them to the gender equality bonus received a letter from the Swedish Social Insurance Agency encouraging them to apply for the bonus. However, many parents who are entitled to the bonus have not applied for it. According to the Swedish Social Insurance Agency, common reasons for not applying were that parents forgot, did not have time, found applying too difficult and that they misunderstood the rules (Försäkringskassan, 2010a).

The gender equality bonus has also been criticized for being complicated, for the lag in payments, and for payments being too low. Despite these difficulties the bonus is constructed as an *incentive* for parents to

use the leave gender-equally, while the reserved months for mother and father introduced earlier have a different construction of *eliminating* leave days if not used by both parents.

Table 4 presents the number of leave days used by mothers and fathers to children born just before and just after the reform was introduced in 2008, as well as just before and after the first and second reserved months in 1995 and 2002. The table shows the leave days used during the first two years of the child's life, thus the figures do not show final number of days to each parent (Duvander and Johansson, 2010).

**Table 4. Parental leave days used during the first 24 months after the child's birth in Sweden, before and after introducing the first and second reserved month and the gender equality bonus**

	1st reserved month		2nd reserved month		Gender equality bonus	
	Before	After	Before	After	Before	After
<b>Men</b>	25.3	35.0	40.7	47.1	52.2	51.5
<b>Women</b>	319.6	293.6	271.1	278.0	256.6	256.3

Source: Duvander and Johansson 2010.

It is obvious that the bonus did not change the use of leave at all, neither for men nor for women. However, even if we can see no effect for the time being, it is important to remember that the impact of this reform may come with a lag and it may be gradual, especially as the bonus is considered difficult to grasp.

The table also shows the comparison to what happened with the leave use when the first and second months of reserved leave were introduced. At that time the pattern changed considerably, especially after introducing the first month. The increase also in mothers' days after introducing the second month is because the leave was extended with one month at the same time.

### Municipal home care allowance

In 2008, the Swedish government gave municipalities the right to introduce a home care allowance of a maximum of 3000 Swedish kronor a month for parents with children under the age of three. The home care allowance was introduced the 1<sup>st</sup> of July 2008 and by 31<sup>st</sup> December 2009, 104 municipalities had introduced the allowance, among them Stockholm (SCB, 2010). This is about one third of all municipalities.

### Preschool investments

The government also made a decision on three major investments in preschool activities in 2008. First, they decided to strengthen the pedagogical quality of preschools. By emphasizing the pedagogical responsibility and the curriculum in preschools, the preschools should better prepare children for school. Trained preschool teachers should be present in all preschools and a major investment was done in further education of preschool teachers and carers. Second, the aim was to make preschool available for all children aged three to five. The first 15 hours of preschool are now free and the rest is also heavily subsidized as well as means-tested. Third, to encourage free choice and variety in childcare options, support is given to private organizers of pedagogical activity for children (Utbildningsdepartementet, 2009).

### Present changes

From 1<sup>st</sup> of January 2012 parents will be able to use one month of parental leave together while earlier only one parent could be on leave at a time. The reason for the earlier restriction was that allowing both parents to be on leave at the same time was considered too expensive. Being able to be on leave together may help phasing in and out of leave and it may increase and encourage fathers' take-up of leave. However, it is also clear that it will involve different tasks to be home together compared to having full responsibility for the child on one's own.

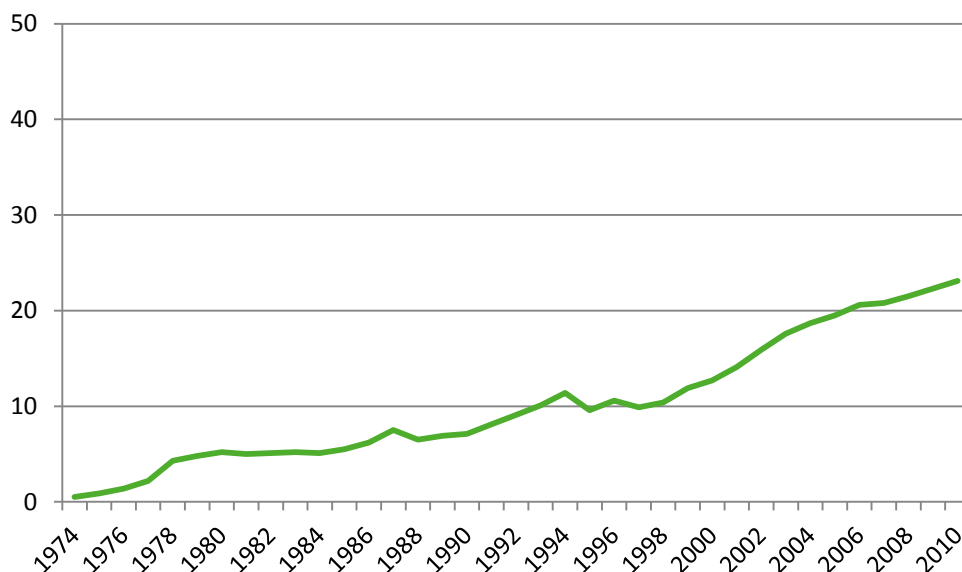
By 2012 the gender equality bonus will also be simplified so that parents will not have to apply for the bonus but it will be registered automatically (Proposition 2010/11:146).

### Changes in parental leave use since the economic crisis

Fathers' share of the parental leave has increased slowly since the introduction of the leave system in Sweden in 1974. In the past few years, the leave take-up of fathers has increased from 21.5 percent in 2008 to 23.1 percent in 2010. The slow increase is thus continuing (Figure 9). However, behind this slow progress the pattern of usage may be changing and I want to point out two trends in leave take-up.

**Figure 9. Father's share of parental leave days in Sweden 1974–2010, %.**

Source: Försäkringskassan

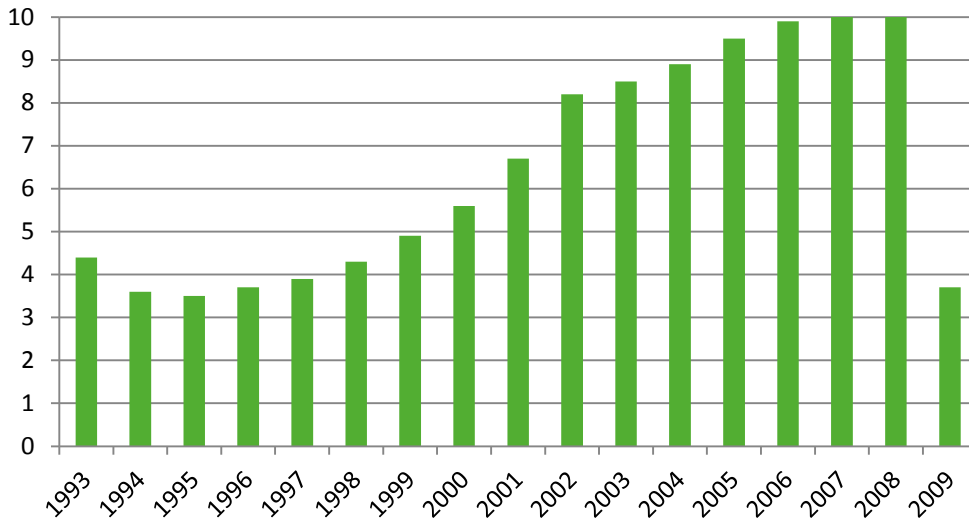


First, after the introduction of the first month reserved for fathers, most fathers used only that one month of parental leave. One may thus talk about a norm of one month leave for fathers, later extended to about two months. However, presently the norm of one to two months seems to be changing. We see an increasingly large group of fathers and mothers sharing the leave equally between them.

Figure 10 shows the share of parents to children born in a specific year who have divided the leave equally. Equal use is defined as somewhere between 40 and 60 per cent of leave days to each parent (Försäkringskassan, 2011a). Just over four per cent of parents whose children were born in 1993 shared the parental leave equally. In 2002 the corresponding share had increased to eight per cent. As leave can be used until the child is eight years old, final numbers after 2002 are not available yet but the proportion of fathers using the parental leave equally seems to increase year by year. The proportions sharing the leave equally are likely to end up being even higher than figure 10 indicates as fathers normally take a larger share in the end of the period. This is the reason that children born in 2009 have a low number; the fathers have not yet had time to use leave. Thus, a growing number of families do not just have the father participating in childcare but share the leave more or less equally.



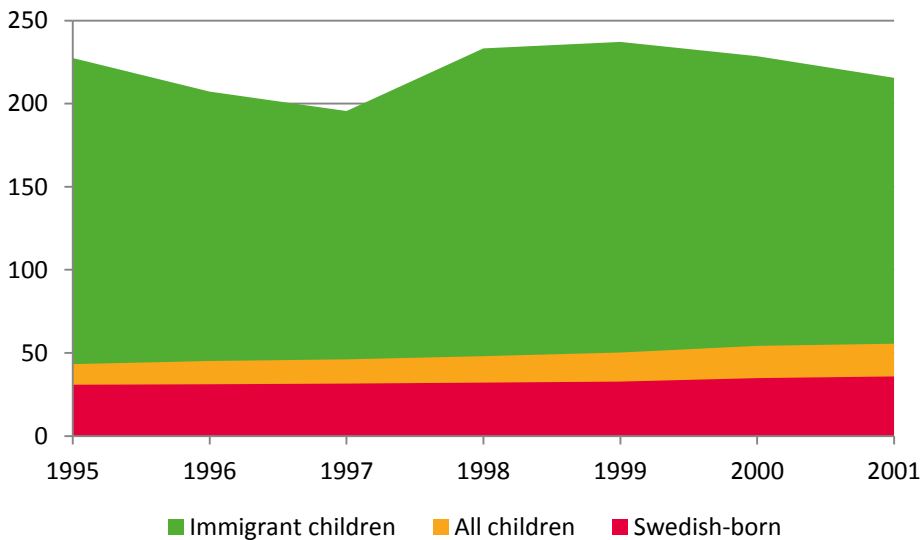
**Figure 10. Share of parents sharing the parental leave equally (40–60 %) in Sweden, %**  
 Source: Försäkringskassan (2011a)



On the other hand, the proportion of fathers using no leave at all is around 10 to 15 per cent and has been so since mid-1990s. This figure shows no signs of decreasing. This may be interpreted as a polarization of use: some fathers use a lot of leave and some no leave at all.

In addition, there seems to be an increase in the number of parental leave days that are forfeited at the end of the leave period, when the child turns eight (Figure 11).

**Figure 11. Number of forfeited days in Sweden by birth cohort when a child turns eight**  
 Source: Försäkringskassan (2010b).



There is a small increase in the number of forfeited days among all children in Sweden. However, it turns out that this is mainly due to a considerable increase in the number of children immigrating to Sweden. Parents immigrating to Sweden with a child under eight have the right to the whole parental leave of 16 months, and it is sometimes impossible for them to use all of it.

In summary, we may say that there have been no changes in parental leave use that are connected to the economic crisis as the general trends started already before the crisis and we see no change in those trends. Perhaps the low use of the gender equality bonus may be connected to the crisis, but there are also many other explanations put forth that are at least just as likely.

## Political and media discussion

As said, there have been no cutbacks in the parental leave system during the ongoing economic crisis, possibly with the previous crisis of the 1990s still in people's minds. In the 1990s major cutbacks were made in family policy in general and in the parental leave in particular. Perhaps most importantly, the benefit level was reduced from 90 per cent to 75 per cent and then raised again to the present 80 per cent (Ferrarini and Duvander, 2010). The benefit ceiling was also seriously lagging behind at that time and it was estimated that around half of all parents received less than 80 or 75 per cent of their previous earnings because their income was over the ceiling. Especially fathers' earnings exceeded the ceiling. The flat-rate benefit remained also at a very low level for the whole 1990s. In addition, daycare costs were much higher than today and the child allowance was lagging behind. These cutbacks have often been blamed for the dramatic decrease in fertility at the same time. Likewise, the income disparities between families increased very much in the 1990s with obvious groups such as single mothers and unemployed parents lagging behind.

The government's way to tackle the present economic crisis has been to promote labour market work. The recent cutbacks have been in sick leave generosity with the aim to strengthen the incentives to work. These cutbacks were decided on even before the crisis. Parental leave may be seen as an insurance against loss of income while a parent is at home taking care of the child, and a generous leave is a way to keep parents in the workforce instead of losing attachment to the labour market. It makes parents return to work faster after exiting for childbirth and childcare (Rönsen and Sundström, 2002). On the other hand, the home care allowance has been perceived as leading to housewife traps and more permanent exits from the labour market.

There may also be another trend in the family policy that does not seem to have anything to do with the economic crisis: the focus on gender equality is becoming less important. Previously, a goal of gender equal leave use was stated in the government's directive to the authority responsible for parental leave (the Swedish Social Insurance Agency) but it has been removed by the new government. Now the directive states that parents should be able to make informed decisions (Dagens Nyheter, 2011). Thus, the work of the Swedish Social Insurance Agency has changed from promoting gender equal use of parental leave to giving information to parents so that they can make individual and informed choices. Even if the actual law stating the overarching goals of the parental leave insurance has not changed, the development indicates a change in the direction of present politics. Introducing the gender equality bonus and home care allowance at the same time can also be seen as a sign of the new emphasis on parents' choice.

The recent development can be summarized as promoting choice and focusing on the child while paying less attention to the goal of gender equality. In some unfortunate cases this means defining gender equality as in conflict with the child's best interest.

## Anticipated changes in the future

In the near future, we may anticipate that the development towards more choice and towards diminishing importance of gender equality as a goal will continue. The Social Democratic opposition is struggling with other issues and has not formulated a strong response to the present politics so far.

I also think we will see more of polarization with some families using the parental leave in a gender-equal way while others remain in or even fall back to a traditional pattern of leave take-up. The polarization in leave use is obvious in other respects too. Today about three per cent of Swedish-born mothers and less than one per cent of Swedish-born fathers use parental leave at the flat rate, meaning that they have no previous earnings to base the benefit on (Försäkringskassan 2011b). Among the foreign-born parents the

proportion is much higher, although it varies between immigrant groups. Perhaps we will see an increasing proportion of parents using leave at low levels and a polarized pattern in benefit levels.

Recently the basic level benefit was increased from 60 to 180 Swedish kronor. If the flat rate is increased more it will soon be close to a low part-time salary. If that will be the case, the proportion of parents using leave at the flat rate will probably grow, as the income replacement will be weakened as incentive to labour force participation before having children.

## Recommendations

My recommendation for the future is to not do cutbacks in generosity in the parental leave. I think it is also important to keep the system as flexible as possible, as both generosity and flexibility are likely to increase sharing of the leave. I also think that the reserved months will increase gender-equal use as experience from Sweden, Iceland and Norway has shown.

Furthermore, I think it is important to define the parental leave so that gender equality is not defined as in conflict with the child's best interest. The reasoning behind such a conflict would be that gender equality means shortening women's time at home and, consequently, if the father does not use his right to parental leave, the child will have to leave the home environment earlier. Behind the definition of a conflict between gender equality and the child's interests is often a general mistrust of men's responsibility or abilities. I think that defining a conflict between gender equality and child's best interest can be avoided with a generous leave system and good quality daycare. It might actually be better for some children to be in daycare than at home, a position that we rarely hear today.

One should also remember the basic aim of the parental insurance mentioned earlier, that is to insure against income loss for employed individuals who have children. Another aim regarding family policy is to guarantee decent economic conditions for all children, including the ones with parents not in work. The flat rate benefit is aimed at parents outside the labour market. However, parental leave can mean a long period outside employment which makes it even harder to find work after the leave. Thus, the long parental leave in Sweden may be counter-active for the group who does not work before having a child in that it becomes even harder to find a job after a long leave. I think it is important to address the length of leave as positive for labour market attachments for most parents, but negative for the ones on the outside. This is a dilemma that concerns gender equality and women's equal possibilities in the labour market.

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# Leave policies development in Denmark

Edited by Sanna Parrukoski and Johanna Lammi-Taskula on the basis of Tine Rostgaard's presentation

## Parental leave policies in Denmark

Compared to the other Nordic countries, gender equality focus is less pronounced in parental leave policies in Denmark. The emphasis has been on giving parents as much flexibility as possible to use their leave in ways that best suit their needs (Valdimarsdottir 2006). Policy incentives support the take-up of leave by mothers, while fathers have not been challenged to use leave. In addition, child care provision has received more attention than the parental leave system.

The main aims of parental leave policies are threefold. First, parental leave enables parents to spend time with their children – rather than ensuring children's time with their parents. Second, parental leave periods increase flexibility in the labour market in times of low employment, and finally, they allow flexibility also for local authorities regarding childcare arrangements.

## History of parental leave legislation

Parental leave was first introduced in Denmark in 1980 when women received a right to 14-week maternal leave after childbirth. In 1984, Danish parents were entitled to additional ten weeks of parental leave and the total leave period was thus extended to 24 weeks. The aim was to offer parents the possibility to take care of their child at home for a longer period (Olsen 2000). In addition, fathers also received a right to a two-week paternity leave. In 1992, a child care leave of 39 weeks with a low benefit was introduced on top of parental leave. The total length of leave was now 63 weeks, plus the two-week paternity leave.

The father's quota of parental leave was introduced in Denmark in 1997. The inspiration came from the neighboring countries and there was general political consensus across party lines concerning the quota. The quota was placed at the end of the parental leave period and had to be used before take-up of the child care leave. However, in 2002 the father's quota was abolished by the liberal-conservative government. The main political argument behind this change was that it should be up to the parents, not the state, to decide which parent takes parental leave.

Child care leave was also abolished in 2002, and as a compromise the parental leave period was extended to the present 52 weeks. Of these, 20 weeks are reserved for the mother and the remaining 32 weeks can be used by both parents. Two of the weeks are set of for the mother before birth of the child. While the parental leave period was extended, the parental benefit was also raised so that parents now receive full benefit for the whole period.

A cash-for-care system for children aged six months to three years with a low benefit has also been introduced in Denmark in 2002 but it is used by very few families.

## The role of formal daycare

The take-up rate of formal childcare for children aged 0–2 is remarkably higher in Denmark than in the other Nordic countries, or European countries in general. This is due to the comparatively short parental leave as well as sufficient provision of daycare for young children. Thus, over 70 per cent of 0–2 year old children are in formal childcare in Denmark, while the figures are approximately 45 per cent in Sweden, just over 30 per cent in Iceland and Norway and about 25 per cent in Finland (Plantenga and Remery 2009).

Table 5 shows the differences in childcare arrangements in the Nordic countries. In Denmark, where the paid parental leave is 50–64 weeks, 17 per cent of children under the age of one are in formal day care. The corresponding figures are much lower in Finland, Norway, and Iceland, and due to a longer parental leave period formal childcare is not arranged for children under the age of one in Sweden. It is also more common for one to two year old children to attend formal daycare in Denmark than in the other Nordic countries. Nearly all children aged three to five are in formal daycare in Denmark and the same goes to

Iceland, Norway and Sweden. Finland is an exception in this respect, as the use of child home care allowance is popular for children under three and also older siblings often remain in home care.

**Table 5. Use of daycare services and other childcare arrangements in the Nordic countries**

Source: Eydal & Rostgaard 2010

Age of child	Denmark	Finland	Iceland	Norway	Sweden
0–1 year	Paid parental leave (50–64 weeks) Daycare services (17 %)	Paid parental leave (44 weeks) Daycare services (1 %)	Paid parental leave (39 weeks) Daycare services (7 %)	Paid parental leave (42–52 weeks) Daycare services (4 %)	Paid parental leave (69 weeks) Daycare services (-)
1–2 years	Daycare services (90%) (Cash-for-care)	Cash-for-care Daycare services (42 %)	Care gap – private solutions Municipal schemes of cash-for care Daycare services (79 %)	Cash-for-care Daycare services (75 %)	Paid parental leave Municipal schemes of cash-for-care Daycare services (70 %)
3–5 years	Daycare services (97 %)	Daycare services (73 %)	Daycare services (95 %)	Daycare services (96 %)	Daycare services (97 %)

Also public opinion in Denmark supports formal daycare as the best way of organizing childcare (Table 6). As many as 71 per cent of the Danes think that day care in public or private day care centres is the best way to take care of children aged 0–3. Childcare by both parents is the next popular alternative (28 %) while childcare predominantly by the mother is considered the best way of arranging care by only one in six, and childcare by grandparents or other relatives by one in ten. As table 6 shows, these opinions differ from those of EU citizens' in general.

**Table 6. Attitudes on the best way of organizing childcare for children aged 0–3, %**

(multiple answers possible)

Source: Eurobarometer 2010

	Public and private daycare centre/pre-school	Childcare predominantly by the mother	Childcare by both the mother and the father	Childcare by grandparents or other relatives
Denmark	71	16	28	10
Germany	34	38	49	20
Netherlands	47	18	52	34
UK	30	27	40	20
<b>EU27</b>	<b>44</b>	<b>33</b>	<b>39</b>	<b>23</b>

## The role of fathers

The father's quota is the single most successful policy feature for increasing and maintaining a high level of take up of parental leave by fathers. The quota also gives men a stronger position in negotiations over leave both at the workplace and in the family. In addition, policy features such as flexibility, universality, high compensation, and long spells of leave may contribute to the encouragement of fathers to take leave (Haas & Rostgaard 2010).

In Denmark, the role of men as carers and fathers has not been politicized to the same extent as for example in Sweden and in Norway (Borchorst 2006). For example, when the two-week paternity leave was introduced in 1984, it was considered as a way to ensure help for the mother right after childbirth (Olsen 2000).

The low status of fathers in childcare on the political agenda is reflected in the low take-up of parental leave by fathers. Less than five per cent of parental leave days are taken by fathers whereas the corresponding figure is more than 30 per cent in Iceland, over 20 per cent in Sweden and over 10 per cent in Norway. The number of parental leave days taken by fathers started to increase slowly in Denmark after the fathers' quota was introduced in 1997 and there has been a steady rise even after the quota was abolished in 2002.

In 2007 a paid father's quota was introduced at the industrial sector in Denmark, representing 7 000 employers nationwide from production, service, knowledge and IT branches. This reform on a male-dominated sector has probably reflected on the fathers' share of parental leave days in recent years although a quota is not available to all fathers for the time being.

### **Financing the parental leave system**

In 1996 a leave fund was set up in Denmark in order to reimburse private employers' leave costs by pooling the costs for compensation. The membership of this fund became obligatory for municipal employers in 2005 and for private employers in 2006. The pooling of costs has had a positive impact on employers' attitudes towards employees' parental leaves.

In the largest private leave fund, employers pay 820 DKK (110 €) annually for each full-time employee and receive a reimbursement of up to 160 DKK (21 €) per hour for up to 26 weeks. Female employees earning less than 25 000 DKK (3 350 €) per month receive full earnings from the fund for up to 26 weeks with no costs to the employer. Additional costs of compensation to employees with higher salaries have to be borne by the employer. However, an overview in 2008 showed that many employers fail to claim reimbursement from the fund, most likely because they forget it.

### **Recent focus points and anticipated changes in the future**

All in all, it seems that the recent economic crisis has not affected the parental leave policies in Denmark. Recently the discussion about parental leave has focused on the opportunities of the self-employed to take parental leave, as well as on the firms which do not contribute with payments to leave funds. In addition, the re-introduction of the father's quota has been discussed.

Since the paid father's quota introduced by the industrial sector, the media has raised a question of the lack of father's quota in the national parental leave system. Inspired by the Icelandic model, the new center-socialist government is now intending to introduce a three-month quota for fathers. The quota would not extend the present length of parental leave but would become a part of it.

The opposition is against the introduction of a father's quota, arguing that this parental leave model would be against the free choice of families. It is also argued that introducing a quota would increase the risk of shortening the leave for families who cannot afford for the father to take leave. Thus, it is feared that this reform would mean a risk of further diversification of families.

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# Leave policies development in Iceland

Ingólfur V. Gíslason

## Leave policies before the economic crisis

In Iceland, the parental leave system was heavily criticized by a number of social actors during the last decade of the 20<sup>th</sup> century. The leave was said to be too short (six months) and economic compensation too low (below minimum wage). In addition, there was no flexibility regarding the take-up of leave and different rights were applied in private and public sectors. Finally, the leave system was considered not to be in accordance with modern ideas about gender equality since only mothers made use of it even though the parental leave was in principle dividable between the parents.

In spring 2000 radical reforms were proposed and implemented by the sitting centre-right government. Parental leave period was extended from six to nine months and flexibility was introduced: parents could use the leave within 18 months and it could also be taken in several periods or combined with part-time work. These arrangements had to be negotiated with employers.

Economic compensation became income-related so that parents on leave were entitled to a benefit that was 80 per cent of their salary. A ceiling on high payments was introduced in 2004. Those who are outside the labour market or in part-time work receive minimum benefit. Employees' protection was also improved as they cannot be laid off after informing the employer of intentions to take parental leave or while they are on leave. While on parental leave, employees continue to accumulate social rights the same way as those at work.

In 2000 the 9-month parental leave was also divided into three-month periods. Three months were reserved for the father and three months for the mother on a strict non-transferable basis. The three remaining months could be shared by the parents as they wished. Finally, a special parental leave fund was established to administer the leave system. The fund is financed by an insurance levy paid by all employers (Gíslason 2007; Eydal and Gíslason 2008).

## The economic crisis

In the fall of 2008 everything changed. All the Icelandic banks collapsed and the country was on the brink of bankruptcy. The change can be seen by looking at unemployment rates. Unemployment rates went from 3 per cent in 2008 to 7.6 per cent in 2010; the figures for 2011 so far indicate that the rates are going down again. These rates are not very high compared to European figures generally but by Icelandic standards they are high (Figure 12).

**Figure 12. Unemployment rate in Iceland 2003–2010.** Source: Statistics Iceland.



Unemployment rates have been higher for men than for women. Meanwhile, the gender pay gap has decreased. In 2007 women’s hourly earnings were 81 per cent of men’s earnings but in 2009 the figure was 88 per cent (own calculations based on information from Statistics Iceland). It is unlikely, however, that this trend continues.

### Changes in leave policies since 2008

The economic crisis has had an impact on all areas of society, and there have been severe cuts throughout the welfare system. The parental leave has also been affected.

The ceiling on parental benefits was lowered after the economic crisis so that it now affects almost half the fathers and 19 per cent of mothers. When the ceiling was introduced in 2004 it only affected 2.6 per cent of fathers and 0.4 per cent of mothers. The period during which parents have to use the parental leave was extended from 18 to 36 months. The rationale behind this extension has not been explicitly stated. It is possible that the intention was to make fewer fathers use their leave or at least spread it over a longer period of time since it is unlikely that mothers will change their use of the leave much.

So far, only preliminary figures are available of the use of parental leave after 2008. It is possible that the final figures will show that there has been a change neither in the number of fathers who have used parental leave nor in the length of the leave. On the other hand, it may be that fathers have used the leave in a very different way than before and in a way that contradicts with the stated purpose of the parental leave system.

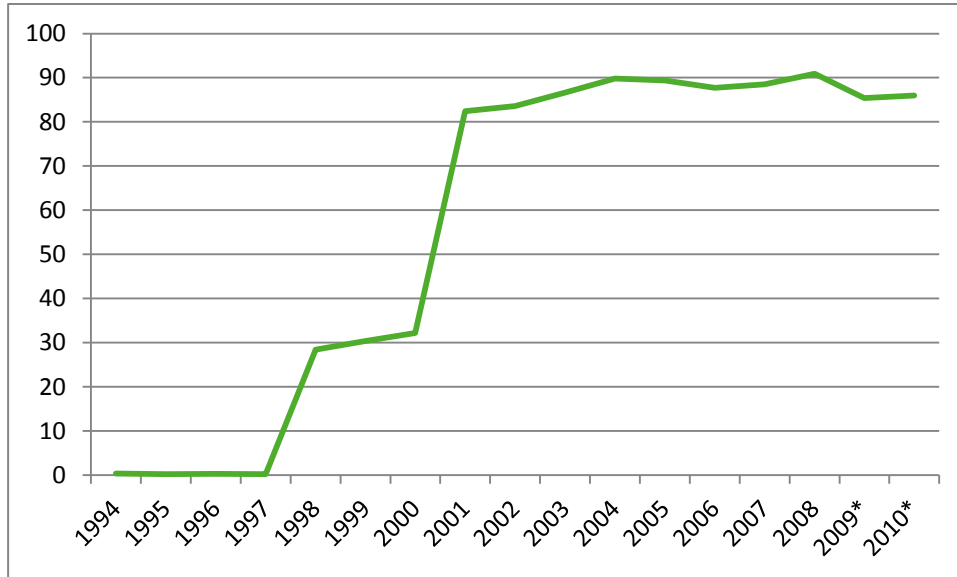
### Take-up of leave

Prior to 1997 the Icelandic parental leave was only six months long and the economic compensation was flat-rate and very low. While the leave was in principle dividable between parents, in reality only around 0.3 percent of fathers used some of it. In 1997 fathers got the right to a two-week paternal leave immediately after the birth and at least a third of them made use of it. In 2001, after the new legislation was introduced, as many as 82.4 per cent of fathers used their right to parental leave and in 2008 (the last year

we have final figures for) the figure was up to 90.9 % (Figure 13). Statistics indicate that it is unlikely for these figures to change much for 2009–2010.

**Figure 13. The share of Icelandic fathers on parental leave 1994–2010, %**

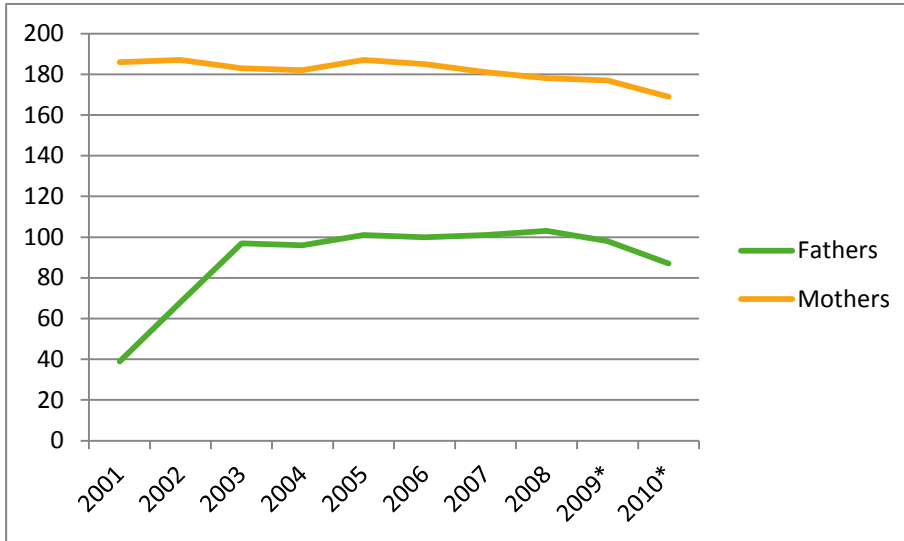
Source: Icelandic parental leave fund



\* Preliminary data for 2009 and 2010.

The parental leave in Iceland was extended gradually so that fathers got their first month in 2001, the second in 2002 and starting from 2003 they were entitled to three months of non-transferable leave. On average fathers use the number of days allotted to them. When fathers were entitled to one-month leave, they used on average 39 days and as they got two months, on average 68 days were used. When fathers received the third month, the average number of days rose to 97. In 2008 fathers used on average 103 days of parental leave. The preliminary figures for 2009 and 2010 indicate that the number of days of parental leave taken by fathers has not been much affected by the cuts. Mothers, on the other hand, make use of around 180 days of parental leave on average. Thus, the situation is similar compared to other countries' experiences: the sharable parental leave period becomes in reality a period for the mother (Figure 14).

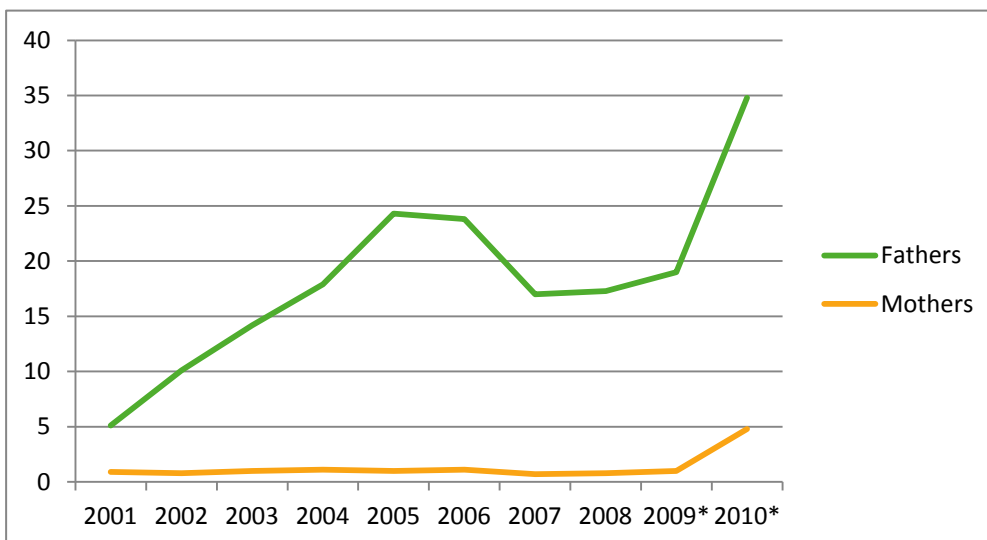
**Figure 14. Parental leave days used by mothers and fathers in Iceland 2001–2010**  
(average number of days)  
Source: Icelandic parental leave fund



\* Preliminary data for 2009 and 2010.

Figure 15 shows that the share of fathers who don't make a full use of their individual part of parental leave grew as their rights were extended and reached almost a quarter in 2004. After that it declined to about 17 per cent. Preliminary figures for 2009 and 2010 show an increase in the number of fathers who don't use all of their leave. Because these fathers still have time to take leave, the final figures (available in 2013) will show whether there has been any actual change. As for mothers, very few of them don't use all three parental leave months allotted to them.

**Figure 15. Fathers and mothers not using all of their individual parental leave in Iceland 2001–2010, %**  
Source: Icelandic parental leave fund



\* Preliminary data for 2009 and 2010.

A similar picture emerges when we look at the percentage of parents using more leave than their non-transferable part. Until 2005, around 90 per cent of mothers made use of some of the sharable period while just over 10 per cent of fathers did so. In 2005 this share of fathers rose sharply to 23 per cent and remained about the same until 2009.

### Care gap

One of the main problems with the Icelandic parental leave system has been the so-called “care gap”. The term refers to a period of several months between the end of parental leave and the time when a child can enter kindergarten. According to a study, over half of mothers and fathers make use of private childminders to arrange child care during the care gap period, and over a quarter receive help from grandparents.

When it comes to parents’ participation on the labour market, mothers adjusted more than fathers to arrange childcare during the care gap. 18.2 per cent of mothers worked part-time and 11.1 per cent made use of flexible working hours to manage with child care while the numbers for fathers were 7.3 per cent and 8.3 per cent, respectively (Jónsdóttir 2007). Thus, the care gap seriously undermines the gender equality ambitions of the parental leave system.

### Changes in related policies since 2008

In addition to reforms in parental leave policies, there have also been changes in other policies regarding the care of young children. First, since the economic crisis in 2008, most or all municipalities in Iceland, at least all the largest ones, have abandoned the system of home care allowance that had slowly started to become a part of the Icelandic system (Guðný Björk Eydal, personal communication). This was done mainly as a part of the overall budget cuts but it was also ideologically motivated to some degree because the home care allowance was seen as a way of keeping women out of the labour force. This change will likely increase the use of private childminders as a solution to childcare for many parents. It may also mean that fathers will have to increase their earnings.

A second change worth mentioning here is that as a part of their budget cuts, many municipalities have increased fees for children who stay in kindergarten for more than eight hours a day. This can be problematic for families with both parents working full-time because the normal working hours are eight hours per day. The problem can be solved if parents can arrange their working hours flexibly so that one of them leaves earlier for work and picks the child up in the afternoon while the other one takes the child to daycare in the morning and works later. However, in many cases this solution means that the family needs two cars which can be difficult to manage financially.

In principle all two year old and older children are in kindergarten in Iceland and there has been a steady rise in the number of one year old children in daycare. The development came to a halt in 2009 and in 2010 there was actually a slight reduction in the number of children in kindergartens. As to the hours children spend at daycare, there was a constant and steady rise in the number of children who spend eight hours or more every day in kindergarten. This development was halted in 2008 and the number of children spending nine or more hours a day in kindergarten was reduced with no detectable changes since then (Statistics Iceland 2011).

### Anticipated changes in the future

As for the future, it is possible that the cuts that have been made both regarding the economic compensation for parental leave and in day care policies could lead to a backlash regarding gender equality. But the risk is probably not very high. First, the government has made it quite clear that the cuts in economic compensation for parental leave are temporary. Second, and what is perhaps most interesting, not a single politician has suggested a change in the basic structure of the parental leave system even though it is obvious that if families were allowed to decide “freely” how to divide the leave, savings would be made since mothers would most likely use the majority of leave.

Finally, a recently held congress of the Social Democratic Party, the largest party in the current Icelandic parliament, adopted three forward-looking resolutions. According to the first resolution, a plan

should be made regarding the restoration of the prior economic compensation for parental leave. The second resolution was a call for a plan to be drawn up to extend the parental leave from nine to twelve months and the third resolution stated that kindergarten should be made a statutory right for all children from the end of parental leave in order to get rid of the care gap (Samfylkingin 2011).

To conclude, there is reason to be optimistic that the financial crash in 2008 will not leave any lasting damage on neither the parental leave system nor the aspirations towards gender equality.

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# Leave policies development in Finland

Minna Salmi

## Basic features of leave schemes in Finland

In the Finnish leave scheme, parental leave is divided into maternity leave, paternity leave, parental leave and father's month. The total length of maternity leave is 105 working days of which 30–50 days can be taken before birth and the rest right after the child is born; two weeks before and after the birth are mandatory. Paternity leave is 18 days and it can be used by the father while the mother is on maternity or parental leave. The 158 day long parental leave can be shared between parents as they wish. If the father takes the 12 last days of parental leave, he is entitled to a bonus leave of 24 more days. This so-called father's month is to be used within six months from the end of the parental leave period. Thus, the total length of leave is 263 days plus extra 24 days if the father uses his right to the father's month.

The right to maternity, paternity and parental benefit is based on residency and not on participation in the labour market; the right to leave from work follows the right to the benefit. The benefits are earnings-based for those parents who have been employed: in 2009 the average benefit was 1 377 euro per family per month. Parents who have been outside employment receive a minimum flat-rate allowance of 553.25 euro per month.

By the end of the parental leave a child is nine to ten months old. After that, parents have three options to arrange childcare. Firstly, they have a universal right to daycare services in municipal or state subsidized private daycare. Secondly, the parents can stay at home on child home care leave and receive a flat-rate home care allowance until the child turns three. The third option is to work shorter hours and take partial child care leave with partial home care allowance.

As many as 88 per cent of families choose the child home care leave and home care allowance. Child home care leave is used almost entirely by mothers who on average stay at home until the child is 24 months old. Shorter working hours and partial care leave is not a popular option as only 6 per cent of families with a child under three years of age choose it.

There have been a few reforms in the parental leave system in recent years. The father's month was introduced in 2003 and in 2007 the use of it became more flexible. In 2010 the length of father's month was extended with two more weeks. Part-time parental leave was also introduced in 2003 but so far only very few families, 0.1 per cent, have used it. This option is available only if the parents share the leave and their employer agrees with the part-time arrangement. In 2004, partial child care leave with low, flat-rate subsidy was extended to parents with children in first and second year in school. Compensation to employers to cover the direct costs of parental leave was increased in 2005 and again in 2007 when there was also a rise of percentages for earnings-based parental benefits. In 2009, the minimum parental allowance was increased with 45 per cent to level it with the lowest unemployment benefit. In 2003 and 2007 there have also been improvements in the entitlements of adoptive families, same-sex families and in case of multiple births.

## Parental leave policies and the economic crisis

It is noteworthy that since the economic crisis started in 2008, there have been no reductions in parental leave benefits so far. On the contrary, the minimum parental allowance was increased in 2009 and in 2010 the father's month was extended. In this respect, the situation is better than during the economic crisis in the beginning of 1990s when both the benefits and the length of parental leave were cut. But also the character and depth of these two economic crises have been different, and during the present crisis there have not been cuts on other social benefits either, so far.

On the other hand, except for the introduction of the father's month, the parental leave has not undergone any major reforms since the 1980s and the leave has been developed in small pieces resulting in a scheme that could be described as a patchwork. For example, there has been no lengthening of the leave



for 20 years except for the four bonus weeks to paternity leave. Compared to the other Nordic countries and many Central European countries as well, Finland nowadays lags behind as to the length and benefit level of the leave and as to fathers' share of leave take-up. There has also been a decline in the real value of home care allowance, support for private child care and child benefit during the long economic upswing until autumn 2008.

### Why a need to reform the parental leave?

From the point of view of research, there are several indicators of a need to reform the parental leave. The objectives of parental leave, to secure the well-being of children and to promote gender equality in working life and in the family, are not achieved very well with the present parental leave legislation. Firstly, when parental leave period ends, the child is in an age not favourable for starting in day care, and most mothers choose to stay home on child home care leave with low, flat-rate benefit (average 618 € a month at maximum). This leads to poverty risk, which is twice as high in families with a child under three years of age as in families with school-aged children (Sauli et. al 2011).

Secondly, as women take the bulk of both parental leave and child home care leave, women's position in the labour market is weaker than that of men. This reflects on women's employability, wage and career development as well as on their future pensions. The problems with women's labour market position have accentuated with the high prevalence of fixed-term employment contracts since the economic crisis in the 1990s. Fixed-term contracts are common especially in the public sector which employs 47 per cent of women, and especially among women in the child-bearing age groups. 26 per cent of women aged 25–34 years have fixed-term contracts in Finland while the corresponding figure in EU27 countries is 14.8 per cent. Mother's fixed-term employment before the birth of the child is the main predictor for a long family leave – these mothers stay at home longer because they have no job to return to, or they cannot find a new job in the labour market. As table 7 shows, mothers' labour market participation depends heavily on the age of the youngest child. Correspondingly, children's attendance in daycare services is lower than in the other Nordic countries.

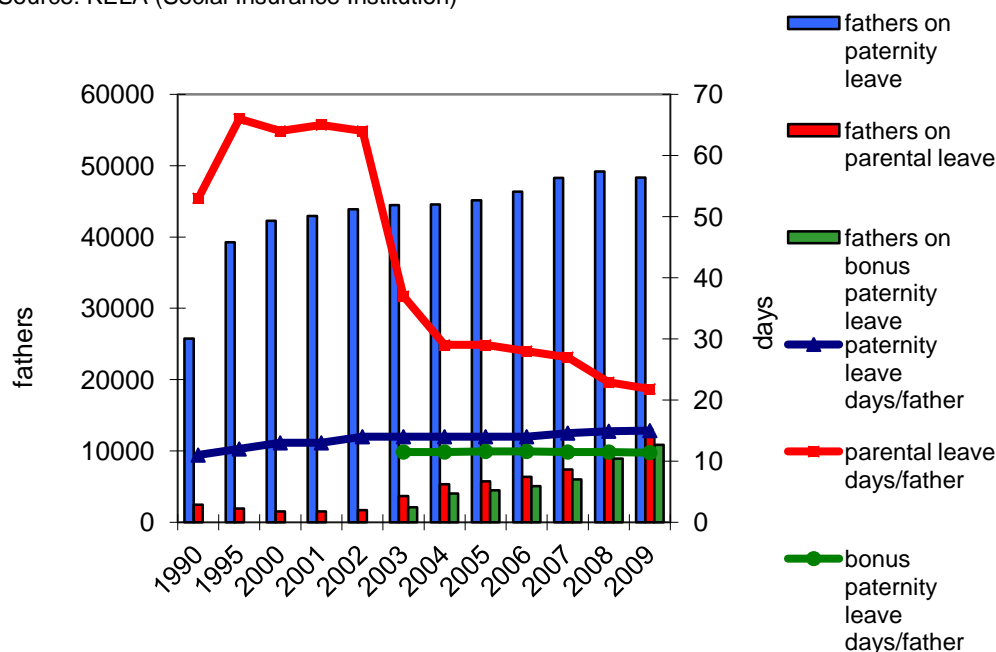
Thirdly, even if the main focus of recent leave reforms has been on encouraging fathers to take parental leave, fathers' take-up of leave has increased slowly. Fathers' proportion of all parental benefit days is only seven per cent, and it has less than doubled in 15 years (Figure 16).

**Table 7. Mothers' labour market position in Finland, %**

	Age of the youngest child		
	< 3	3–6	7–17
Employment rate 2009	51	82	88
Fixed-term contract 2005	14	17	11

**Figure 16. Fathers' use of paternity, parental and bonus paternity leave in Finland 1990–2009.**

Source: KELA (Social Insurance Institution)



There is great variation in the take-up of different types of father's leaves. In Figure 16, the blue columns represent the paternity leave, which is taken by 74 % of fathers, on average for 15 working days. The green columns show that the popularity of the father's month has been rising, and already 18 % of fathers took it in 2009. These numbers are growing. The fathers' month has increased the number of fathers' taking parental leave, but at the same time the average length of fathers' leave has fallen from 64 working days in 2002 to only 22 in 2009. Only 2–3 % of fathers take a parental leave longer than the father's month.

Finally, the present leave schemes are complicated and inflexible which is a risk to the take-up of leave especially as regards fathers. The father's month has to be taken within six months from the end of the parental leave, which may lead to less take-up as usually the mother will stay at child home care leave. If the father does take the father's month, many mothers stay at home during it. Thus, the father's month is often not an independent care period for the father as it is meant to be.

### 6+6+6: A reform proposition in 2006

In 2006, researchers Minna Salmi and Johanna Lammi-Taskula proposed a parental leave reform, the 6+6+6 model. In the proposed model, the length of parental leave is 18 months and the leave is divided into three six-month quotas: one for the mother, one to be shared and one for the father. The leave can be taken until the child turns three. The child home care leave scheme and home care allowance remain intact; thus the mother can take child home care leave before the father takes his parental leave. A single parent can take all three six-month quotas if the other parent is not available.

Reforming the parental leave scheme on the basis of the proposed 6+6+6 model would improve the situation for mothers, fathers and the child. With the lengthened leave, the child would be more mature when she or he starts in day care. A substantially longer leave with an earnings-related benefit would improve the economy of most families with children less than three years of age.

The 6+6+6 model would increase fathers' leave take-up because they are known to use the leaves which are earmarked to them. Quotas make fathers aware of the leave take-up being their own decision, and of the meaningfulness of their parenthood. A long independent care period is needed for the father to develop a

strong relationship with the child. In addition, as the practices of the division of housework develop under the leave period, more leave for fathers would lead to a more even division of housework which, in turn, might mean fewer quarrels between spouses and thus enhance the well-being of the couple's relationship.

Through quotas the society would take a stand for shared parenthood thus making it easier for men to bring up the leave at the workplace. Finally, more men on longer leave would lessen the discrimination of women in the labour market and as mothers would return to work earlier, their employment rate would rise, they would receive more income and pensions and the society would in turn receive more tax money.

Various actors have expressed their support to a reform of the parental leave on the basis of the 6+6+6 model since it was first proposed in 2006. Among these are three out of eight parties represented in the Parliament (the Swedish People's Party, Left Alliance and the Greens) as well as the women's and youth organizations of seven parties represented in the Parliament. Also the parliamentary Advisory Board for Gender Equality, the National Union of University Students in Finland and the central organization of the professional and managerial employees have supported the model. In addition, half of Finns are for this model according to a national survey in 2010, and it has also raised strong interest in the media.

### The governmental period April 2007–June 2011

The previous government (Centre Party, the Conservatives, the Greens and the Swedish People's Party) decided in its programme in April 2007 to "review the possibility for a more thorough reform of the parental leave schemes". It took over two years before a working group was appointed for the task in September 2009, after the economic crisis had started. The working group was comprised of representatives of the central employer and employee organizations, Ministry of Social Affairs and Health, Ministry of Employment and the Economy and Ministry of Finance, the Social Insurance Institution, and selected family, child and youth NGOs and research. The chair of the group was the child ombudsman, a former MP of the Centre Party. The aim of the group's work was to redesign the parental leave scheme in order to support parenthood, encourage fathers to take more parental leave and increase the compensation to employers of the costs related to parental leave.

The working group members had varying views on the need of the reform. In the employer organisations' opinion, present leave schemes are basically ok and there is no need for a thorough reform. Industrial workers' organization (SAK) was against long quotas for fathers and promoted transferable quotas instead, while academic and white-collar employees' organizations (Akava and STTK) were for the 6+6+6 model and stressed the importance to promote gender equality. The family and child NGOs in the working group advocated lengthening the parental leave period in the best interest of the child. NGOs were also for longer quotas for fathers but on the condition that the quotas must be transferable. They also promoted a longer possibility for parents to be on leave at the same time. Ministry of Finance stressed that there should be no new expenses to the state. This stand may have been a sign of the economic crisis.

### Proposals of the parental leave working group

The parental leave working group did not reach an agreement on any one model to redesign the leave schemes. However, there was an agreement on three issues. Firstly, the leave period with earnings-related benefit should last until the child is about one year old. Secondly, the leave should at first be lengthened through extending the father's quota. Thirdly, there should be equal leave entitlements to all families.

In its final report in February 2011, the working group presented three different models. All three models include quotas for mothers and fathers and a period which the parents can share as they wish. Another common feature is that the father can take part of his quota during the mother's leave. All three models also propose that the leave can be used until the child is two or three years old.

As to the length of the leave and the individual quotas, the models differ from each other. Table 8 shows the number of leave days in the present leave scheme and those proposed in the different models. One of the proposed models was the 6+6+6 model presented above.

**Table 8. Number of leave days (working days) in the present maternity, paternity and parental leave and in the models proposed by the Parental leave working group in Finland.**

	Present schemes	Model A	Model B	Model C
<b>Mother</b>	105	105	105	150
<b>Mother or father</b>	158 (-12)	158	224	150
<b>Father</b>	42 (+12)	66	75	150
<b>Total</b>	305	329	404	450

The realisation of Model A does not exclude the realisation of any of the other two models later on, whereas Models B and C differ from each other in their basic principles: B proposes a substantial lengthening of the transferable period whereas C proposes equal quotas for mothers, fathers and for sharing.

When the report of the working group was published, the media coverage was strong. The main TV channels expressed in their News reports their disappointment with the meagre results of the working group. Interesting in these reports was that the 6+6+6 model was taken as a reference, and when this reform was not the result of the group's work, the reporters were disappointed.

In the political discussion connected with the parliamentary election campaigns in spring 2011, the issue of the parental leave reform was not in the foreground. However, in a debate on gender equality issues, all parties except for the Centre Party spoke for the 6+6+6 model – because the Women's organisations of all the other parties as well as gender equality protagonists irrespective of party have been for this model.

## The present government

The present government consisting of six parties (the Conservatives, the Social Democrats, the Greens, Left Alliance, the Swedish People's Party and the Christian Democrats) was appointed in June 2011. As to the parental leave reform, the government programme does not take a stand on any of the proposals of the parental leave working group.

According to its programme, the present government aims to increase the leave earmarked for fathers, lengthen the parental leave and improve the equality of leave entitlements of adoptive parents and in case of multiple births. Further aims include raising the compensation of leave costs for employers, sorting out how legislation ensures the rights of employees returning from leave, assessing the level of leave benefits from the point of view of how they encourage fathers to take parental leave, and assessing how the financing of the leave schemes should be developed and expenses shared. However, the economic situation of those who receive minimum parental allowance is not improved as the minimum allowance will not be raised like the basic unemployment benefit. The government delegates the issues to be drafted in a tripartite working group between the central employer and employee organizations and the state and the legislative measures are to be taken after the issues of financing have been solved in this group.

In the fall of 2011 a so-called frame agreement between the central employer and employee organizations and the government on income policy and certain social policy schemes was drawn up. According to the agreement, the father's independent leave period will be lengthened by 12 days in 2013 by dissolving its connection to the father's taking the two last weeks of parental leave. In effect, the number of the days available for the father remains the same as it is today (54 working days) but the parental leave to be shared will be 12 days longer if the father takes his 54 days of leave. In addition, it has been agreed that the possibility to use the father's leave will be extended until the child turns two whereas now it has to be used before the child is about 16 months old. After negotiations, 91 per cent of employer organizations, 94 per cent of employee organizations and all the organizations from the public sector joined the agreement by the end of November. The legislative measures agreed on in the frame agreement are under way.

## Discussion

The current governmental setting as well as the ongoing economic crisis raise questions concerning the parental leave scheme reforms. As was mentioned above, the present government has delegated the parental leave issues to tripartite working groups. It remains to be seen whether the role of the tripartite decision making in issues concerning working life will be even stronger than it used to be.

In the context of the financial crisis, family policy and gender equality policy have had a low status in political hierarchy. For example, in the recent governmental negotiations no party took leave policy issues on the agenda even if three of the parties involved had earlier been actively for the 6+6+6 model. Also in the debates preceding the elections in the spring of 2011 issues concerning family policy were practically invisible because the attention was on the financial crisis and the EU debt crisis.

The debt crisis in the EU may lead to cuts in benefits and / or length of leave. It is an open question whether the frame agreement will secure the leave reforms in a changing economic environment. According to the Prime Minister, Finland's good credit classification is now the main priority even if it would mean cuts in public expenses. Decisions on the future developments of public expenditure will be made in spring 2012.

Finally, a fundamental question concerning the parental leave schemes and their possible future reforms relates to the meaning and importance given to the leave. Is parental leave seen as an expense or as an investment in the promotion of gender equality, in the future of children and in the future of working life?

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# Discussion

## **Anja Lahermaa / STKK (The Finnish Confederation of Professionals):**

- - Development of the family leave system is a question of values and choices. Even when the economy is constrained, there are financial means to be found for the advancement of issues which are considered important.
- - Simple copying of a model from one country to another will not necessarily work. However, it is important for countries to exchange experiences and good practices so that each country can make use of them when developing its own family leave system.
- - It would be important for mothers and fathers to share parental leave benefits as equally as possible. This would have positive effects on balancing work and life, improving women's position in the labour market, supporting fathers in parenting, and promoting the welfare of children.
- - Fathers should be encouraged to take longer leaves. This is best advanced by a quota system with sufficiently long leaves specific to fathers. More active take-up of leave by fathers would increase equality between women and men both in the labour market and at home. It would also serve to balance the costs of family leaves in female and male dominated fields.
- - STTK has promoted the "the 6+6+6 model" for several years. We consider it important that children could be cared for at home with an income-related benefit longer than is the case today. We understand that at this moment and with this economic situation, we cannot succeed completely and immediately. The 6+6+6 model should, however, be the longer-term target which we should approach step by step.
- - The costs of family leaves should be equalised among employers, but funding by society or state should not be increased. In this economic situation, any attempt to increase the costs of the state might jeopardise the reform. We should keep intact the present cost-share system in which the funding is provided by employees, employers and the state together.
- - The new government programme contains good goals for the balancing of work and life. However, it also states that legislation will be amended once the required funding has been agreed upon. Such a statement involves the risk that no reforms take place if funding is not agreed upon.
- - According to the 2011 frame agreement by trade union confederations, the family leave system shall be reformed. There will be 54 weekdays of paternity leave, out of which only 18 can be taken at the same time with the mother at home. The coupling with parental leave will be removed so that all fathers can have 54 weekdays of paternity leave and there will no longer be a "fathers' month". The fathers' use of leave will be more flexible so that families can make use of the possibilities that are best for them. STTK wishes to see this as a small step in the right direction towards the 6+6+6 model.
- - Both women's and men's need to balance work and family life must be better recognized at the workplace level. For example working hours, opportunities for flexitime and respecting an employee's personal needs in varying circumstances are of great significance. Voluntary and temporary part-time work should be economically supported in order to make it a real possibility for the parents of small children. It is quite detrimental that mothers are absent from the labour market full-time and for long periods of time.
- - We also need to guarantee high quality municipal daycare that takes into account the diversity evident in working life as regards working hours.
- - It must be emphasised that the reform of the family leave system requires full and extensive preparation which should be done in three-partite form with the comprehensive view in mind. In the reform, equal treatment of children in different types of families should be secured.

**Anu Sajavaara /EK (Confederation of Finnish Industries):**

- More information is needed about the impact of the economic crisis on gender equality. So far, the crisis has mostly affected male-dominated export industry but it is likely to hit the female-dominated public sector as well.
- All in all, in European comparison the Nordic countries are model societies regarding parental leave policies. However, the policies have various goals which are not always compatible with each other.
- Regarding the wage gap between men and women, reconciliation of work and family life is important. Parental leave is only one aspect that contributes to the reconciliation possibilities.
- For employers, gender equality is an important issue: it is considered to be a key to success in international competition.
- Currently the family leave scheme in Finland is complicated. However, simplifying the system would be too costly. There is no acute need to reform the parental leave scheme: for example in the debates preceding the parliamentary elections last spring, this issue was not brought up. In addition, there are more acute issues concerning families at the moment.
- The 6+6+6 model would be rigid and expensive and it would not take into account differences between families. Thus, this model is not a target for EK. Promoting parents' opportunities for free choice is more important. Also the other Nordic employers' organizations put priority to free choice of families.
- Any possible reforms of the scheme should first and foremost be targeted at fathers so that they stay home alone taking care of the child. We cannot afford to increase mothers' and fathers' time together at home.
- In the recent working group on parental leave, daycare was not on the agenda, but it is an issue that should be discussed. More flexibility is needed because fewer and fewer people have "normal" working hours anymore. In addition, fees should be based on the hours that daycare services are actually used.
- In European level there are no quick solutions or compromises in sight. Room should be left for national solutions.
- Discussion about family issues is often emotionally charged and there is easily conflict in the air. For example, the discussion about the right age for children to start in daycare is very heated. It is often forgotten in Finland that in the other Nordic countries children start in daycare earlier.

**Astrid Thors, the Network of Women Members of the Finnish Parliament**

- In the new government programme there are no concrete plans for reforming the leave scheme, partly because the working group on parental leave didn't reach an agreement on a proposal.
- A new tripartite working group will be appointed to improve the compensation of costs of family leaves for female-dominated sectors. The current level of costs keeps women in fixed-term jobs.
- Small achievements towards gender equality have been made through the Equal Pay Programme.
- What comes to parental leave reform, three political parties all represented in the present government have supported the 6+6+6 (or 5+5+5) model. It seems that it is the male-dominated sectors that are against reforming the system.
- Parental leave systems in the Nordic countries can serve as models to other EU countries. Unlike the employers' organisation proposed, there should not be too much room for national solutions – the Nordic countries should promote these issues in the European Union.
- It remains to be seen whether the economic crisis will affect gender equality. In this financial situation, only small steps can be taken in reforming the parental leave scheme.