

Social Policies, Labour Markets and Motherhood

The relationship between fertility and the participation rate of women in the workforce is an increasingly important area of study for economists, demographers and policy-makers. Recent data show important differences in the relationship between employment rates of women and fertility across Europe. For example, in Southern Europe, low fertility rates are combined with low rates of female participation. In contrast, Nordic countries are experiencing relatively high fertility rates combined with high female labour market participation. Social Policies, Labour Markets and Motherhood analyses the effects of policies aimed to reconcile motherhood and labour market participation. Making extensive use of European Community Household Panel data, it compares the outcomes of policies in several European countries analysing why they succeed in some environments but not in others. It will be of interest to researchers, policy-makers and graduate students working on labour markets, population economics, demography and the methodology of applied microeconomics.

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Social Policies, Labour Markets and Motherhood

A Comparative Analysis of European Countries

Edited by

Daniela Del Boca and Cécile Wetzels





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Preface

This book aims to explore two crucial questions concerning the different patterns of fertility rates and women's participation rates in Europe: Why are fertility and participation so different across countries? Why have fertility rates continued to decline in Southern Europe (where women's participation rates are very low) but have grown in Nordic Europe (where participation rates are relatively high)? The decline of fertility has important implications: low fertility reduces the potential sustainability of the pension system, and implies lower growth as well as lower savings. An understanding of the relationship between participation and fertility is therefore relevant in ways which go beyond theoretical speculations.

In fact, the recent pattern of fertility and its relationship with women's participation rates are increasingly becoming an object of interest for economists, demographers and policy-makers. Data from the last decade indicate important differences in the relationship between employment rates of women and fertility in different countries. Although the rising long-term trend in the female participation rate is similar for most countries, persistent differences in women's levels as well as in career perspectives suggest that different countries are constrained by country-specific institutional and social factors.

The comparison of relevant institutional characteristics can help to interpret these differences. In Nordic European countries and in some Continental European countries, governments have developed policies with the objective of simultaneously encouraging both fertility and the participation of women in the labour force. These programmes have supported dual-earner families, while shifting some of the economic burden of child rearing to the state. Public childcare availability, generous optional maternity leave as well as part-time opportunities have allowed women to choose either to remain in the labour market during their childbearing years and maintain a continuous relationship with the labour market or to take care of their children themselves by using long, optional maternity leave. In the Anglo-Saxon countries and some continental countries with strong breadwinner regimes, governments have

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implemented programmes only for the poor. In this context, where long optional paid parental leave is not available, mothers have to choose between working part-time combined with the use of private childcare and leaving the labour market in their childbearing years.

Finally, in Southern European countries, on the contrary, governments have developed high-quality public childcare, but it is very limited in supply and in hours of service. This has made the service compatible with part-time work but not with full-time activities. However, given that part-time work is very limited, married women are forced to choose between no paid work and full-time work, neither of which is necessarily their preferred option. In Southern Europe where both part-time work and childcare are limited, and optional parental leave is of short duration, women need to rely on family support in order to continue working when their children are young.

Other important institutional differences concern the labour markets. In the Southern European countries unlike in the Anglo-Saxon countries, strict rules still exist regarding the hiring and firing of workers and (flexible) employment arrangements are very limited. These labour market regulations have been largely responsible for the high unemployment rates, particularly among women and young adults. Thus, the labour market indirectly imposes high fertility costs on families even when the mother does not work, and therefore it discourages fertility both directly and indirectly. Because of the high unemployment rates, women have a hard time taking breaks in their working life during their childbearing years, and then find it difficult to re-enter the labour market.

In this book, we analyse and interpret the different patterns across countries reviewing the relevant literature, discussing the appropriate methodological frameworks. In Part 1 the differences between welfare states across Europe are analysed in Chapter 1 (Danièle Meulders and Síle O'Dorchai). These authors use different classification methods and assess to what degree they account for differences across welfare states regarding childcare provision, parental leave, family cash assistance and working mothers' time constraints. With this analysis, we aim to contribute to the debate on the explanatory power of welfare state, typologies while assessing the issue not just from the point of view of women in general but also from that of mothers in particular. Over the course of Chapters 2, 3 and 4, we focus especially on those childcare systems and parental leave and child benefits which have been more relevant in explaining differences in mothers' participation to the labour market across Europe (Jérôme de Henau, Danièle Meulders, Síle O'Dorchai and Helene Périvier). In this part a detailed ranking of countries according to their generosity in supporting women's work and fertility is presented.



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In Part II we provide a review and interpretations of several empirical analyses of European fertility patterns and their relationship with women's labour market participation as well as with earnings. First, Chapter 5 focuses closely on the link between motherhood and women's work and the impact of social policies (Daniela Del Boca and Marilena Locatelli). In Chapter 6 the temporal changes in levels and timing of fertility are described and analysed (Siv Gustafsson and Eiko Kenjoh), while in Chapter 7 several aspects of the relationship between wages and motherhood are considered, as well as the impact of social policies on wage differentials (Cécile Wetzels).

In Part III we use ECHP panel data to provide empirical estimates of various social policies on fertility, labour market participation and earnings (Daniela Del Boca, Chiara Pronzato, Silvia Pasqua and Cécile Wetzels). The results show that, while age, education and women's non-labour income (both from other household sources and from public transfers) have the expected sign in all countries, the impact of social policies on the decision to work and have children is quite consistent with the hypotheses developed in the chapters. The empirical analysis of Part III on the wage differentials between childless women and mothers shows that in Nordic countries the correlation between being a participant in the labour market and having children is less strong than in Central and Southern European countries.

Each chapter contains extensive references and appendices with upto-date data on each aspect of the issues discussed. This book can serve as an important tool for graduate and senior graduate students for work in classes, seminars and theses. It can also be an important reference work for all researchers in the field of population economics, demography, labour economics and applied microeconomics.

DANIELA DEL BOCA AND CÉCILE WETZELS