Public Support to Young Families in the European Union

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Introduction

Presumably, the biggest transition in life is becoming a parent. Compared to a first job, getting married or buying a house, having a baby has a much larger impact on small daily routines as well as on overall life perspective. Becoming a parent fundamentally changes one's life; the birth of a child creates new responsibilities and new strains but also opens up new enjoyments and parental privileges.

Not everyone seems to rate these new enjoyments very highly, however. In fact, the dramatic drop in fertility rates within the EU Member States seems to suggest that for many young adults, the privileges no longer compensate for the costs. Several factors may have contributed to the lowering birth rate (OECD 2011, p. 89). Within the economic literature, the decline in fertility is often explained by referring to the increase in female labour force participation and in particular to increasing opportunity costs. Children not only cost money, but also, and especially, cost time. As the time of the primary carer (the mother) becomes more expensive, due to women's larger involvement on the labour market, time-consuming goods like children become more expensive. This concept of opportunity costs can explain the rather surprising phenomenon whereby over the years, family income has risen sharply, while the number of children has fallen (cf. Becker, 1981).

The impact of the increased costs of children seems to be amplified by the fact that in economic terms, parents are no longer the prime beneficiaries of all the sleepless nights, weekends at the soccer fields, and endless debates with rebellious teenagers. The rise of social security and the increase of transfer payments imply that at least some part of the benefits of children have become socialised. Children may still be important supporters of their frail elderly parents, yet the existence of pension schemes and public services indicate that part of the responsibility has shifted to the welfare state. Heritage arguments are not as strong as they were in the past. It can no longer be presumed that children will simply take over the family farm or firm. In a service-oriented society, self-employment has gained a different momentum, with children more likely to follow their own preferences. This changing constellation of increasing private costs and decreasing private benefits implies that parenting has increasingly become a public service. Or in the words of Nancy Folbre (1994, p. 89): 'In an economy increasingly based on individual careers, parenthood seems to promise more moral and cultural rewards but no economic rewards.'

From this perspective, a certain amount of government involvement with the ups and downs of family life seems understandable, particularly if a high female labour force participation rate is considered to be as important as a sustainable fertility rate (ensuring children are well taken care of). Especially over the last three decades, public expenditures on families have increased. In addition, the character of these expenditures has changed. Instead of simply providing cash benefits to families in need, family support programmes now also include childcare services and time-related provisions such as parental leave. The extent of public involvement, however, differs extensively among EU Member States, both in terms of generosity and in terms of the specific policy package. Some countries provide elaborate systems of parental leave for example, while others are oriented much more towards financial support and/or childcare services (e.g. Plantenga and Remery, 2009a; OECD, 2011). Whereas in all instances, the overall idea is to support young families, the impact in terms of employment patterns, fertility rates and gender equality can be rather different (see also Chapter 5 in this volume). Public interference changes the private costs and benefits of having children, albeit in different ways.

In this chapter we provide an overview of the public support programmes for young families, making use of national and international data. Given the paradigmatic policy shift from a traditional breadwinner society towards an adult worker society (Lewis, 2001; Lewis and Giulini, 2005), we will focus particularly on differences in leave and childcare policies among the Member States. The availability of harmonised statistics enables an assessment of the current state of affairs in all EU Member States and allows for careful comparison of the measures taken. At the same time, the focus on the European Union implies that the analysis has to remain rather general. We will therefore supplement
the EU comparison with two case studies from the Netherlands and Hungary, two countries with rather different scores in the field of family support programmes. An important conclusion, perhaps not surprisingly, is that the European Union still exhibits a highly diverse picture. Moreover, although the male breadwinner model has eroded, it is still far from being replaced by an adult worker model and a gender-equal division of paid and unpaid work. The analysis also reveals that family policies are embedded in, but also have consequences for, labour market participation and the demographic situation. As such, family policies can be interpreted as creating and ensuring complementarities between economic and demographic institutions and processes (Bettio and Plantenga, 2004; Kaufmann et al., 2002).

Family policy in Europe

Children have an enormous impact on family resources both in terms of time and money. In the context of a male breadwinner society, presupposing the availability of a caring mother, time was less of a problem than money, and therefore public support was mostly offered in the form of child-related tax allowances and family allowances. This helped families to live on a one-wage income and to provide private motherly care for their children. Today, family cash benefits are still an important source of extra income for young families (see for an overview OECD family database PFI.3, and Chapter 7 in this volume). Yet the shift from a breadwinner to a dual-earner society has also resulted in a change in family policy. The emphasis has shifted from (partly) compensating families for the costs of children towards enabling families to reconcile work and care responsibilities and/or to stimulate the number of births. As a result, family policies have broadened, and contain not only money provisions but also time-related provisions, as discussed in the following sections.

Parental leave

Time-related provisions have a rather long history in EU family policy. Maternity leave for female employees has existed in many countries for most of the twentieth century and was set at 14 weeks by the International Labour Organization (ILO) maternity protection recommendation of 1952. In 1992, the EU adopted directive 92/85/EEC on paid maternity leave, making 14 weeks of paid maternity leave the minimum in the EU Member States, though many countries already had more generous schemes. In June 1996, Directive 96/34/EC of the European Council

oblged Member States to enforce parental leave legislation to enable parents to care full-time for their child over a period of three months. In principle, this refers to an individual, non-transferable entitlement. More recently, parental leave legislation was again on the EU scene: Council Directive 2010/18/EU increased the length of unpaid parental leave to four months, extended its application to atypical employment contracts, and made at least one month of parental leave exclusive to each parent. Further EU-level legislation that would increase paid maternity leave from 14 weeks to 20 weeks and introduce paid paternity leave for a minimum of two is being debated in the European Parliament. Paid parental leave is not yet on the EU policy table (Akgunduz and Plantenga, 2011).

The EU Directives guarantee a certain minimum standard in the EU Member States. Over and above this requirement, however, is a broad range of national regulations, with countries differing on payment, duration, flexibility and entitlement (for an overview, see Moss, 2010). To assess the impact and importance of the leave facilities in the national context, it is therefore not possible to rank countries simply by the length of consecutive weeks of parental leave. Country differences may be overestimated, as formal regulations say little about the actual impact. This calls for information on the take-up rate; that is, the actual use of leave facilities. Ideally, information on take-up rates should be combined with information on the length of leave, in order to make a proper comparison between countries and/or between men and women (Bruning and Plantenga, 1999). Unfortunately, detailed figures in this respect are not available; only the Nordic countries provide regular consistent statistical accounts of the use of leave (viz. Moss, 2010).

We do know, however, that the use of parental leave depends, in particular, on whether the leave is unpaid or paid and, if paid, at what level. That information can be used to make a proper comparison between the EU Member States, in the sense that the available information can be harmonised by weighting the length of the leave by the level of payment. We presume therefore that the impact of the actual leave policy is a combination of the length of the provision and the payment level. Within the EU context, the computation is not very intricate, as the EU publishes data on effective leave. In these data all leave provisions (i.e. maternity, paternity and parental leave) with a payment level of more than 66 per cent of the average wage are taken together. Although this is a rather crude measure, we believe that these harmonised data give a reasonably accurate picture of the importance of national leave legislation; see the result in Figure 8.1, covering the state of affairs in 2008. As the figure indicates, the effective leave is
highest in Hungary and Lithuania (more than 25 months). These countries thus support families by granting a paid parental leave of more than two years. In contrast, the leave provision is limited to four months in several EU Member States, while the score in Malta and the United Kingdom is even lower; in these countries only the maternity leave has some impact as parental leave is short and/or unpaid.

The length of effective leave already indicates the importance of time-related policy in the lives of young parents. Apparently, in Hungary and Lithuania there is a heavy reliance on parental leave to support parents, whereas in Malta and the United Kingdom the parental leave aspect of family policy is hardly developed. These different scores may be the result of an overall low score with regard to family policies (for example, because of a low female-employment rate and/or because of a low perceived urgency for this kind of policy), or of a different scope within the national family policy, with some countries investing more heavily in childcare facilities as an alternative to time-related provisions.

Childcare
In addition to parental leave, childcare services are also extremely important in the lives of working parents. The importance of affordable and accessible quality childcare has also been recognised at the EU-level. In March 1992 the Council of the European Union passed a recommendation on childcare to the effect that Member States 'should take and/or progressively encourage initiatives to enable women and men to reconcile their occupational, family and upbringing responsibilities arising from the care of children' (92/241/EEC). Ten years later, at the Barcelona European Council summit in 2002, some explicit conclusions and targets were defined with regard to the provision of childcare services. Confirming the goal of full employment, the European Council agreed that Member States should remove disincentives to female labour force participation and strive to by 2010 provide childcare to at least 90 per cent of children between three years old and the mandatory school age, and at least 33 per cent of children under three years of age.

Yet, many EU Member States are still far from reaching the Barcelona childcare targets. The actual state of affairs is summarised in Figures 8.2, 8.3 and 8.4. These figures are based on EU-Silc data. Given that the EU-Silc is a household questionnaire, the data provide information on the children's receipt of childcare ('formal' and 'other'). Figure 8.2 indicates the use of formal childcare services for the youngest age category. Formal arrangements refer to the following services: pre-school or the equivalent, compulsory education, centre-based services outside school hours and childcare at a day-care centre organised/controlled by a public or private structure. It appears that the differences between the lowest and the highest ranking country is 70 percentage points, with Denmark having a formal user rate of 73 per cent, whereas the Slovakia, Czech Republic, and Poland score 3 per cent or less.

The use of formal childcare facilities is the most important indicator to monitor the provision of childcare facilities in the different

Figure 8.1  Effective parental leave in number of months, 2008

Source: EU, Statistical compendium.

Figure 8.2  Use of formal childcare arrangements, 0- to 2-year-olds, 2009

Source: Eurostat, EU-Silc 2009.
Member States. On the basis of this indicator, it appears from Figure 8.2 that nine EU Member States (Denmark, Sweden, the Netherlands, France, Spain, Portugal, United Kingdom, Luxembourg and Belgium) have already met the Barcelona target with Slovenia close behind. At the lower end of the ranking we see Romania, Slovakia, the Czech Republic and Poland with a score of 5 per cent or less. Formal arrangements may only be part of the story however. Parents may have access to other, informal arrangements, to cover their demand for childcare services. To provide a fuller picture of the use of childcare services, Figure 8.3 combines the information on formal arrangements in Figure 8.2 with information on 'other arrangements'. Other arrangements are defined as the care provided by a professional childminder at the child's home or at childminder's home and care provided grandparents, other household members (outside parents), other relatives, friends or neighbours. It should be taken into account that the sum of the score on formal and informal arrangements may exceed 100 per cent, since parents might combine different arrangements to cover a full working day. From the Figure 8.3 it appears that countries like the Netherlands, Portugal, the United Kingdom, Luxembourg and Slovenia score relatively high on formal arrangements but seem to combine these arrangements with an equally well-developed system of other arrangements. Cyprus combines a medium score on formal arrangements with a much higher score on other arrangements, whereas quite a number of countries that score low on formal arrangements have a high score for informal arrangements. This in particular is the case for Greece, Austria, Romania, Slovakia, the Czech Republic and Poland. Only three countries (Denmark, Sweden and Finland) do not seem to combine formal arrangements with childcare provided by friends and family. Countries that score below 25 per cent for both formal and other arrangements are Germany, Latvia, Lithuania, Malta, Bulgaria, and Hungary.

Finally, Figure 8.4 provides information about the number of hours formal arrangements are used. It appears that in countries like Denmark, Portugal, Slovenia, Finland, Estonia, Latvia, Lithuania, Bulgaria and Hungary, most households use formal childcare services for 30 hours or more. In other countries however, part-time arrangements are much more common, the most extreme cases being the Netherlands and the United Kingdom. In the Netherlands, childcare services are provided on a full-time basis, but the use of the facility may be limited to a few days a week, reflecting the high level of part-time employment in the Netherlands. As a result, only 6 per cent of children make use of formal arrangements on a full-time basis. In the United Kingdom, employed mothers typically work part-time, which corresponds to a high part-time use of childcare services (Plantenga and Remery, 2009a).
Impact

Different family policies relate to different social and economic outcomes. Economic opportunities for women are rather heavily related to the particularities of the national family support programme. Obviously, childcare services are much more compatible with uninterrupted labour market careers than is a long parental leave or a financial incentive structure, which is still based on the male breadwinner regime. Different policy packages thus transform into different incentive structures and may have an impact on the actual division of paid and unpaid work between men and women over the life cycle.

The large differences in family policies are indeed partly reflected in the large differences in female participation rates as shown in Figure 8.5. The highest employment rates are among the North-Western EU Member States (including Germany and Austria); whereas Southern and Eastern EU Member States are found at the lower end of the ranking. The labour market behaviour of young parents is documented more specifically in Figure 8.6, which compares the absolute difference in employment rates of men and women without children with those in the age group 20 to 49 who have a child aged 0–6. It appears that men with children tend to work more than men without children, whereas the opposite is true for women: women without children have higher employment rates than women with children. Remarkably, and despite the large differences in family policies throughout the European Union, the impact of parenthood on the employment behaviour of men is rather similar in all Member States and hovers around minus 10 percentage points (data for Denmark and Sweden are missing). For women, however, the impact differs considerably. The highest figures are found in the Czech Republic (41 percentage points), Hungary (33.4 percentage points) and Slovakia (32.6 percentage points). In Cyprus, Romania, Luxembourg, Portugal and Belgium, on the other hand, the difference is rather small (below 4 percentage points). Slovenia is the only country in which women are more likely to be employed after having children; the employment impact of parenthood on women is minus 3.7 percentage points here.

This is not to say that there is an easy and direct relationship between family support programmes, on the one hand, and employment patterns, on the other. The relationship may in fact be reversed in the sense that employment patterns or fertility rates inspire the national particularities of family policy. In general, it seems important to analyse family policy as creating 'social joins', which might ensure complementarities between economic and demographic institutions and processes (viz. Bettio and Plantenga, 2004). Given the complex relationship between family support programmes and social and economic outcomes, it is important to go beyond the EU-level and provide more detailed information on two countries: the Netherlands and Hungary. From Figures 8.1 through 8.6, it appears that these two countries are very different in terms of the public services they provide to young parents. The Netherlands has short parental leave and a rather developed system of childcare services. Hungary, on the other hand, focuses all its policy
efforts on parental leave: its provision of childcare services is among the lowest in the European Union. In line with the long parental leave, the employment impact of becoming a parent is rather large in Hungary, whereas the Netherlands scores rather low in this regard. Using a case study, we will describe the costs and benefits of the different institutional systems in the Netherlands and Hungary in terms of (female) employment, fertility patterns and (gender) equality.

The Dutch part-time model

One of the most striking characteristics of the Dutch case is the extent of part-time work. In 2009, less than 19 per cent of employed persons worked on a part-time basis in the European Union; yet the part-time employment rate in the Netherlands was more than 45 per cent. Among women the differences are even more extreme, with less than one third of female employees working on a part-time basis in the European Union as a whole (EU27) compared to more than three quarters for the Netherlands, illustrating how widespread part-time work is in this country.

Part-time employment plays a vital role not only in Dutch employment policy, but also, more specifically, in the Dutch equal opportunities programme. Flexible non-full-time working hours for both men and women are deemed indispensable to reaching gender equality. Especially during the 1990s, the 'combination model' ranked high in Dutch socio-economic policy. The point of departure of the combination model is a balanced combination of paid and unpaid work, where unpaid care work is equally shared between men and women (Commissie Toekomstscenario's voor de Hervorming van Onbetaalde Arbeid, 1995). Depending on the life-cycle phase, both men and women should be able to choose a personal mix of paid labour in long-term part-time (or short-term full-time) jobs, part-time household production of care and part-time outsourcing of care. With some adjustment (perhaps more in written text than in actual policy measures), the combination model has been adopted by the Dutch government as the main guideline for its labour and care policies.

Dutch family policy

On average in 2007, OECD countries spent 2.2 per cent of GDP on family benefits, ranging from just over 0.5 per cent in Korea to over 3.5 in Denmark, France and the United Kingdom; the Dutch score is clearly above average, at almost 2.9 per cent of GDP (OECD, 2011, p. 61). The specific history of female labour force participation in the Netherlands is embedded in and contributes to the particularities of the Dutch family policy. Traditionally, within the context of the strong breadwinner model, there is a heavy reliance on publicly facilitated, privately organised care. The family is actively encouraged to take care of their children by themselves, but the state is willing to share part of the financial burden, especially by designing a breadwinner-friendly fiscal regime (Bettio and Plantenga, 2004). Even if breadwinner facilities have lost most of their importance and prescriptive power over the last couple of decades, there is still a fairly strong cultural tradition in which women are presumed to undertake the care of children themselves. Within this context, leave facilities have for a long time been limited to a short period of maternity leave, just covering the period around the birth of a child; it took until 1991 before an unpaid part-time parental leave was introduced. With regard to childcare services, the responsibility of the private family was also underlined; a full outsourcing (by public services) and/or commercialisation of care (by the market) has never been a serious policy option. Instead, actual policy focused on adjustments in the working time regime that would facilitate and make accessible the combination of work and care. In this respect, it could be argued that the Dutch part-time strategy partly compensated for the lack of an explicit public-care policy; it has only been since the 1990s that the government has introduced leave facilities and has invested in childcare services. Even today, aspects of the breadwinner model can be seen in the particularities of the educational system, where primary school hours only cover approximately 25 hours a week and are therefore not compatible with full-time working hours of parents.

Parental leave

Parental leave plays a rather moderate role in the lives of Dutch parents. After being introduced in 1991, parental leave legislation was changed considerably in 1997. In the 1991 act, parental leave could be interpreted as introducing a statutory right to reduce working hours against the background of a rather standard working time regime; the new proposal brought parental leave in line with the growing reality of diverse and individualised working hours. In the new draft, the total number of leave hours was set at 13 times the number of the contractual weekly working hours. The statutory right is part-time: parents have the legal right to reduce their working hours by 50 per cent over a period of 26 weeks. However, employees may ask their employers to spread the
leave hours over a period that is longer than six months or to take more hours per week. Employers may only refuse in the event of severe business interest. As a result of this proposal, the parental leave system is extremely flexible and can be used in all kinds of different schemes. In 2009, the length of the parental leave has been extended and set at 26 times the contractual number of working hours. Thus, young parents are now entitled to a part-time (50 per cent) leave of 52 weeks (see Plantenga and Remery, 2009b).

From the very start, the employer has had an important role in the introduction of leave policies within the Dutch working time regime. By way of collective labour agreements, the social partners are expected to top up public policy which is mainly concerned with guaranteeing the minimum right. The statutory right is therefore unpaid; collective agreements are expected to provide income support. Employers, however, have never been particularly eager to supplement legal provisions; as a result, only a minority of potential leave takers (particularly employees in the public sector) are entitled to paid parental leave. The high share of women working part-time, in combination with the unpaid character of the statutory leave presumably explains why in the Netherlands the take-up is still far from 100 per cent; see Table 8.1 for further details. In 2009, the take-up among entitled women amounted to 41 per cent, while 19 per cent of the entitled men took up parental leave. Although the take-up rate of men is considerably lower, it is fairly high compared to other European countries (Plantenga and Remery, 2005). Table 8.1 indicates that there are also slight differences in the average length of the leave taken up by men and women. Men on average take up eight hours of leave and spread the number of leave hours over 13 months. Women take up more hours of leave, and as a result the duration of the leave period is somewhat shorter. The data seem to indicate that, in a typical case, both parents use the opportunity to spread the leave hours over a longer period of time. Part-time parental leave is thus still the usual option despite the opportunity to organise leave on a full-time basis. This is in line with the overall emphasis on part-time working hours within Dutch society. Whereas in some of the other European countries parental leave is scheduled before the use of childcare facilities, in the Netherlands a much more parallel approach is advocated. Parents use part-time working hours, partly facilitated by parental leave legislation, in combination with a part-time use of childcare facilities, to balance work and family life. By implication, childcare facilities are open for very young children, starting directly after the 16 weeks of (full-time and fully paid) maternity leave.

<table>
<thead>
<tr>
<th>Year</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
</tr>
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<tbody>
<tr>
<td>2001</td>
<td>35</td>
<td>10</td>
<td>13</td>
<td>8</td>
<td></td>
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</tr>
<tr>
<td>2005</td>
<td>43</td>
<td>18</td>
<td>11</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>41</td>
<td>19</td>
<td>11</td>
<td>7</td>
<td>10</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: Merens et al. (2010)

**Childcare**

As already indicated, institutionalized childcare developed rather late in the Netherlands. At the end of the 1980s, the Netherlands had (together with Ireland and the United Kingdom) the lowest level of institutionalized childcare facilities in the European Union (Moss, 1990). It was only during the 1990s that the number of places started to increase. An important (financial) factor was the Stimulative Measure on Child Care, which the government introduced in 1990 (Plantenga and Remery, 2009b; Verschuur et al., 2005). At the time, there was a heavy emphasis on the importance of strong market structures and deregulation. For the childcare sector this implied that policy was targeted towards public-private partnerships; together with the central government, employers were supposed to pay part of childcare costs. The main argument referred to the positive impact of childcare facilities on the (female) labour supply; by investing in childcare, employers could lower the costs of recruiting, absenteeism and the training of new female personnel. The focus on the economic benefits also implied that childcare policy had become part of labour market policy. Like the leave policy, childcare had been seldom discussed as part of the care system with children as the primary beneficiaries.

With the introduction of the new Child Care Act in 2005, the financial organisation of the childcare sector went from being a system of supply-financing to one of tax-based demand financing. Working parents now in principle pay full childcare costs and are then compensated directly by the tax authorities and their employers. Financing is therefore again on a tripartite basis. In principle, employers pay one third of childcare costs. In addition, parents receive a payment from the tax authorities based on their income and their childcare costs. As a result of this shift to a demand-driven financing system, publicly
provided childcare in the Netherlands no longer exists. Instead, only private for-profit (60 per cent of all Dutch child care organisations) or not-for-profit providers (the remaining 40 per cent) now operate and compete in the childcare market (Noailly and Visser, 2009). The Childcare Act (Wet Basisvoorzieningen Kinderopvang, 2002) is also applicable to out-of-school-hours care. Although the demand for services for school-age children used to be rather limited, it increased rather rapidly after the introduction of a motion by the socio-democratic and liberal party (Motie Van Aartsen-Bos, 2005). This motion made it obligatory for primary schools to offer pre- and after-school care if the parents requested it from 2007 onwards. How and where the out-of-school care is organised is a matter of agreement between the school and the parents. Modalities may differ from a simple information service to a full-blown cooperation between school and day care. It seems that approximately 90 per cent of the schools have chosen the ‘referral model’. Although this may not seem like a major achievement, the motion did increase the cooperation between schools and childcare services and made the use of childcare services more feasible for many parents. In addition, the motion increased awareness of the complicated schedules of children and their parents.

The increased availability, the lower prices and the more positive public opinion all implied a significant increase in the utilisation of services. As a result, within three years of the Act’s introduction, uptake for the youngest children had increased from 25 per cent in 2004 to 34 per cent in 2008. Growth has been particularly strong in out-of-school school care where between 2004 and 2008 uptake increased from 6 per cent to more than 12 per cent in 2008 (Merens et al., 2011). Given the decades-long Dutch hesitancy towards childcare services this can be seen as a major shift in family policy and practice. At the same time, it has to be taken into account that the use of childcare facilities is also on a part-time basis: most parents use childcare facilities for two or three days a week. In a typical case, working young parents opt to take parental leave one or two days a week. If both work full-time before the birth of the child, the mother often lowers her working hours to three days a week; whereas the father reduces his full-time work week by one day. Parents also use childcare facilities on a part-time basis to cover their two to three simultaneous working days. After the leave period, the mother most probably continues to work on a part-time basis, whereas the father increases his working week again to full time. The result is a one-and-a-half earner model with women in the role of secondary earner (Van Wel and Knijn, 2006).

Impact

Dutch family policy is as much an input from the growth of the female labour force participation as the female labour force participation is an input for the Dutch family policy. It is important to note, however, that the working time regime played a primary ‘leading’ role in the current state of affairs. The positive climate with regard to part-time working hours in the 1980s and 1990s seemed to match the working time preferences of mainly women resulting in the female participation rate increasing fairly rapidly. Partly because of the specific working time regime, the pressure for extended (paid) leave policies has never been strong. Rather, the parental leave policy should facilitate the attachment to the labour market in a period in which care responsibilities are fairly heavy. As such the parental leave legislation entitles parents to work part-time. Consistent with this view, there is a heavy emphasis on the flexibility of the leave system, whereas the payment issue is of only secondary importance. Also the childcare policy seems to feed into the specifics of the working time regime in the sense that childcare facilities are used on a part-time basis. This allows for a childcare policy to which labour market effects are central and in which part of the cost is passed on the employer. Whereas in other countries childcare is also framed in terms of child well-being and social integration, this perspective has never been central in the Netherlands. By implication, there is not much emphasis on the quality of childcare services.

The impact of this particular family policy in terms of labour force participation seems rather positive; the overall Dutch employment rate is high and the employment impact of parenthood rather low (see Figures 8.5 and 8.6). In addition, the Dutch fertility rate is close to 1.8 which, from a comparative perspective, is a rather high score. There is also no difference in the fertility rate between higher- and lower-educated women (Merens et al., 2011). This suggests that the Dutch part-time model facilitates the combination of work and care in a reasonably equal way. At the same time, the part-time model carries some risks, especially in terms of gender equality. While in theory the part-time participation route can be touted as a universal strategy for both men and women, in reality, it is primarily women who take that option (Merens et al., 2011). As a result, the Dutch model has given rise to different responses. Proponents cherish the flexibility of the part-time model and refer to the fact that the Netherlands scores fairly positively for reconciliation of work and care (Knijn and Da Roit, forthcoming). The second, more critical response challenges the unequal position of
men and women. The part-time strategy is not seen as the preferable model but as a profoundly non-egalitarian strategy which only deepens the socio-economic differences between men and women.

The Hungarian leave model

Hungarian family policy is still influenced by the remnants of the state’s socialist past, when gender equity was expected to be achieved by promoting women’s full-time employment. Parenthood was perceived mainly as the responsibility of the mother and the state, the latter being responsible for providing collectivist child-rearing institutions; whereas fatherhood was reduced to merely an economic duty. In contrast, in the post-Soviet period, housework and child rearing were primarily perceived as women’s duties, with limited need for state intervention (Zdravomyslova and Temkina, 2005). Hungary’s family policy in the early twenty-first century reflects this paternalistic approach, and fathers are not seen or targeted as potential caregivers. Even though the maternalistic discourse is not as explicit now as it was at the time around the system change, the main goal of withdrawing mothers from the labour market during major economic restructuring remains the same.

Hungarian family policy

When countries are ranked on the basis of public family spending, Hungary ranks rather high with a score of 3.3 per cent of GDP compared to an OECD average of 2.2 per cent (OECD, 2011, p. 61). Yet, Hungary’s policy is clearly biased, with a strong focus on facilitating the private provision of care. In December 2010 the new Hungarian Parliament, with a two-thirds conservative government majority, reversed the previous government’s measure to reduce the childcare allowance from three years to two years, and restored it to three years. By implication, parents (mothers) in Hungary can take paid leave until the child’s third birthday. Shortening the duration of the allowance to two years was seen as a negative measure. Present-day Hungarian politicians and policy makers prefer to emphasise the need for ‘positive family policy measures’, including increasing the number of places in crèches, supporting family day-care facilities and new forms of childcare within families, making part-time work possible, and providing incentives for teleworking. However, a recently introduced female retirement policy can be seen as an effort to increase the number of potential grandmothers who are available at home when their own children become parents. This new policy, being probably less costly than increasing the capacity of childcare facilities, gives women the option to retire with an old-age pension after 40 years of employment, which can include up to a maximum of eight years spent at home caring for a child, but cannot include years spent in higher education or on unemployment benefits.

The long duration of leave has a clearly negative impact on the labour market career of Hungarian women, and more generally, on the structure of the labour market. Overall, the participation rate of Hungarian women is rather low and the impact of parenthood large (see Figures 8.5 and 8.6). The Hungarian labour market is also rather traditional, with a low level of part-time work and limited space for (employee-inspired) flexibility. For example, when comparing 21 EU Member States regarding the possibility of employees determining their own working time, it was found that Hungary had the highest rate of employed people whose work time was fully determined by their employers (85 per cent), compared to only 40 per cent in the Netherlands (Blaskó, 2009). Thus the statement can be made that, whereas in the Netherlands the well-regulated part-time labour market partly compensates for the lack of an explicit public-care policy, Hungary’s paternalistic care policy partly prevents the change of the labour market towards a system that is more compatible with the dual-earner model.

Parental leave

The Hungarian system of childcare leave and allowances seems to be a very generous one. In fact the duration of Hungarian effective parental leave, weighted by level of payment, is the longest in Europe (see Figure 8.1), encouraging parents (mothers) to stay at home for a long time. The most general scheme is the childcare allowance (GYES). This is a flat-rate benefit equal to the amount of the minimum old-age pension; entitlement is not tied to insured status, making the allowance universal. Childcare benefit (GYED), paid at 70 per cent of the average daily salary, is covered by the employee’s insurance and is available until the child’s second birthday. Finally, there is the child-rearing allowance (GYET), which is available for either parent in a family with three or more children and allows them to take leave during the period between the third and eighth birthday of the youngest child, with a (fairly low) flat-rate benefit.

The stated policy goals are promoting childbirth as well as the reconciliation of work and childcare. In addition, the GYET equates to an acknowledgement of parenthood as work that should be paid for (Korintus, 2008). However, the current system has a severe impact on
labour force participation. The combined effect of the flat-rate benefit (GYES), the insurance-based benefit (GYED) and the extended paid leave (GYET) is to support female family care, insulating them from the labour market (Bálint and Köllö, 2008). The return to the labour market after a long period of parental leave can be quite problematic, especially for people with a lower level of education and for those living in smaller settlements: while more than 75 per cent of Hungarian parents, mainly mothers, plan to continue working in their old jobs after their leave, the actual return rate is below 45 per cent (Plantenga and Remery, 2005; KSH, 2006). There are various reasons for the difficulties in returning to the labour market, such as the employer having been dissolved, one’s old position having been terminated, or a new position being unsuitable for the returning employee (KSH, 2006).

The present system of labour market and childcare provisions have contributed to the rapid decline of childbearing among women with a medium level socio-economic status resulting from their uncertain labour market position. At the same time, there is a polarisation among women with a higher social status: they either remain childless or have at least two children (Spéder, 2003; Spéder and Kaplány, 2007). This polarisation can be explained by the postponement effects of participating in higher education as well as trying out alternative lifestyles to motherhood. The least-educated group of women still have a relatively high level of fertility. Their demographic behaviour did not seem to adjust to the changes in the labour market and childcare provisions, as opposed to the decreasing fertility tendencies of women with higher educational backgrounds, characterised not only by tempo but also by quantum-based effects (Husz, 2006). Overall the fertility rate is rather low: 1.33, which is beneath the replacement rate and even beneath the EU fertility rate.

Childcare

There are significant regional, ethnic and socio-economic inequalities between parents in accessing childcare facilities, especially for children under three. Given the specific focus of Hungarian family policy, the number of crèches providing childcare services for children younger than three decreased rapidly during the 1990s, their capacity having been reduced by more than 50 per cent (Blaskó, 2009). The reduced capacity of childcare facilities together with the long leave period encourages mothers to stay at home with their children. Today the participation rate in childcare services for children under three is estimated at 7-11 per cent, while it is about 87 per cent for children aged three to five. From the age of five it is compulsory for children to attend kindergarten and take part in pre-school activities.

A recent Impact analysis of increasing day-care capacity for children younger than three has called for a redesign of the present system of Hungarian family policies (Reszkető et al., 2011). Practical recommendations include the replacement of the flat-rate parental leave benefit with a voucher that could be used to pay for childcare services when parents re-enter the labour market. Increasing day-care capacity was shown to have potentially positive effects on parents’ labour supply, as well as early childhood development and the social inclusion of disadvantaged social groups. The shift in policy was also likely to lead to fiscal gains, stemming from the increased employment of parents and the related taxes and other contributions, as well as from the longer-term savings in health-care and social expenditures resulting from the improved educational and health outcomes of children and their parents. However, new policy initiatives in this field seem rather unlikely in the coming years given the present (conservative) policy environment.

Impact

In a European perspective Hungary belongs to those societies in which the opportunity costs of motherhood are relatively high, especially in comparison to the opportunity costs of fatherhood. According to Schneider (2009) high opportunity costs of motherhood can be defined by the coexistence of certain conditions, such as that women bear the main responsibility of child rearing; mothers are expected to perform high quality, committed, child-oriented nurturing work; women want to work due to their life goals of self-realisation and/or they have to work due to economic necessities; freedom of choice in parenting lifestyles is propagated but in fact this choice is rather limited due to the lack of appropriate childcare facilities. In places characterised by the high opportunity costs of motherhood, including Hungary, Italy and the western part of Germany, fertility rates tend to be lower than in other countries, such as the Netherlands or Sweden, where the opportunity costs of motherhood are relatively low. Structural features characteristic to the Hungarian labour market, such as insecure employment, long working hours, limited opportunities for part-time work, and low wages forcing people to take extra jobs, contribute to an increasingly intense time squeeze for parents, most often mothers (Hobson, Fahlén and Takács, 2011).

Within this context, long leave facilities seem to be the answer and part of the problem at the same time. Long parental leaves provide an
opportunity for caring motherhood within a labour market which is still organised along (more than) full-time working hours. At the same time, the dynamics of the modern-day labour market are not taken into account, making the return option after three years rather insecure. In addition, family care remains within the family, and as a result the demand for the public provision of childcare services remains relatively underdeveloped. In more general terms, an analysis of the role that childcare services for children can play in increasing female employment and in increasing the fertility rate is lacking. In fact, interpretations of family policy measures in the context of employment systems are very rare in Hungary.

Conclusions: public support to parents

The status of parents within current-day European welfare states is rather precarious. Parents may be primarily seen as employees who need public support for their caring role, or they may be seen as carers who need public support in their breadwinner role. Different countries provide different answers, depending on a complex array of historical, cultural, social and economic factors. The specific socio-economic constellation in the Netherlands has been translated into a policy in which the emphasis is on parents as (part-time) workers. The public family policy complements the flexible Dutch labour market and provides part-time (unpaid) leave with part-time childcare facilities. In contrast, in Hungary’s family policies, the young parents (mothers) are mainly seen as full-time carers, and as a result there is a elaborated system of leave provisions, facilitating parents (mothers) taking time off.

Our analysis also indicates that family policies are embedded in but also have consequences for the labour market and other socio-economic outcomes. As such family policies may complement economic and demographic institutions and processes. Whether policy measures are successful in this respect is not completely clear. In the Netherlands, both the fertility rate and the participation rate are rather high, but almost all women work part-time. Therefore, the system does not rank very high in terms of gender equality. In Hungary, family life may be fostered (and women may be paid for their role as care giver), yet the fertility rate among higher educated women is rather low, whereas there are also clear costs in terms of the female-employment rate and career opportunities. Indeed, perhaps one of the most complicated challenges of European family policy refers to the fact that the policy objectives on participation, gender equity, and fertility are not easily compatible. Child development concerns, for example, may translate into a policy targeted at increasing childcare services, but may just as easily translate into a policy favouring extended leave facilities and/or increasing the provision of childcare allowances. Long parental leave facilities, however, or a generous financial incentive structure may not promote labour supply and may result in large differences in male and female working time patterns. Another complicated matter refers to the issue of parental choice. Parents may differ in their preferences with regard to work and family outcomes and most public policies tend to enhance parental choice. The result may be a complicated mixture of time facilities, financial allowances and services that may not necessarily be very coherent.

It is tempting to speculate whether there will be some convergence of the different policy packages in the near future. In particular, demographic changes may put some pressure on the specific design of the European family policy for parents of young children. Countries that combine low employment rates with low fertility rates are particularly vulnerable to rising levels of old-age spending. In these cases, increasing the female-employment rate by creating a supportive infrastructure may partly offset the costs of the pension system taken as share of GDP. At the same time, traditional notions of family life, in combination with limited public funds, may lead to a rather austere family policy with a limited capacity to look beyond the immediate future.

Notes

1. In the case of France, care provided by ‘assistantes maternelles’ paid directly by the parents without any organised structure between them is considered as a formal arrangement.
2. To be precise, it should be noted that since January 2009 a fiscal benefit of 50 per cent of minimum wage for the statutory period of parental leave has been granted for all employees taking up parental leave.
Work, Family Policies and Transitions to Adulthood in Europe

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