

The Swedish-Canadian Academic Foundation (SCAF), in cooperation with the Centre for Research on Work and Society at York University, the Arbetslivscentrum and Umea University:  
Conference on Labour and Social Policy: The Experiences of the 1980's and the 1990's, Stockholm, Sweden, 16-19 May 1994  
Paper for Session Women and Economic Restructuring,

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Swedish Parental Leave Policy - a Luxury or a Model for Economic Restructuring

Abstract

Sweden had avoided serious economic recession with its massive plant-closings, bankruptcies and long-term unemployment, much longer than the rest of most western countries. Therefore, the demands for cutting down the social security arrangements of the welfare state and for making work organizations "leaner and meaner", that were made in the name of "economic restructuring" or national economic competitiveness, all over the West throughout the eighties, have reached Sweden only at the beginning of the nineties. It is essential to examine well which features of the Swedish welfare state and which features of Swedish work organizations may need change, and what kind of change, in order to overcome Sweden's current economic difficulties and in order for Swedish society to be better prepared for the foreseeable economic future. Although the entire Swedish welfare state has long had its sharp critics from the extreme right as well as from the extreme left, it is also being greatly admired by many. In particular, the development of its policies of daycare, parental leave and voluntary reduction of working time for parents, have been followed with great interest by many, especially by social scientists and practitioners dedicated to full economic equality for women. So, what is the status of these policies and services in the face of serious economic problems?

It shall be argued that basically these policies are economically sound; that they are the wave of the future, and should be protected, emulated and improved; that, however, the same features in work organizations that have prevented fathers to participate more in baby-leave and to choose the 6-hour day, are also bad for economic reconstruction and competitiveness and need reform; that under conditions of economic recession, the future success of these policies of integration of work and parenting for women and men demand that all work organizations are capable of ensuring the efficient performance of their work during the absence of parents on leave. This will

demand a change in the attitudes to - and in the rights of - temporary employees.

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Swedish Parental Leave Policy - a Luxury or a Model for Economic Restructuring

Sweden had avoided the typical serious economic recession with its massive plant-closings, bankruptcies long-term unemployment, crushing budget deficit and huge national debt, much longer than the rest of most western countries; therefore the demands for cutting down the social security arrangements of the Welfare State, and for making work organizations "leaner and meaner", that were voiced as well as put into practice in the name of "economic restructuring" or national economic competitiveness all over the West throughout the eighties, have reached Sweden only at the beginning of the nineties. Thus, Sweden can make use of the considerable experience as to the effectiveness of such measures. It is essential to examine well which features of the Swedish Welfare State and of Swedish work-organizations have already been changed in recent years, which suggestions have been rejected, which features may need change and what kind of change, in order to overcome Sweden's current economic difficulties, and in order for Swedish society to be better prepared for its foreseeable political and economic future.

Although the entire Swedish welfare state has long had its sharp critics from the extreme right as well as from the extreme left, it is also being greatly admired by many. In particular, the development of its policies of daycare, parental leave and voluntary reduction of working time for parents, have been followed with great interest by many, especially by social scientists and practitioners dedicated to the goal of full economic equality for women. Here is a short description of these policies which started in 1974:

- a) the legalization of specific interruptions of occupational work which parents need for the home-care of infants and of children when sick;
- b) a number of compensated leave days (10) for all new fathers
- c) social insurance policies that compensate for loss of income incurred by these 3 kinds of interruptions of occupational work;
- d) the legitimation of voluntary reduction of working hours to six per day by all parents of young children;
- e) the provision of adequate, affordable daycare at the end of the period of

legitimate, compensated parental baby-leave;

the "parental leave" policy has merged infant home-care - a major part of primary-care-parenting - into women's normal employment career.

The declared intention of this policy was, and still is, that this rather long period of baby-leave should be shared between both parents, with the father taking at least one third. This goal has not yet been reached. In practice, fathers' participation which in the first year of the enactment of the parental leave law in 1974 was only 2% of fathers, has during the last 20 years gradually risen to 50%; while for many years the average extent of leave taken by participating fathers remained very short, it now stands at 50 days. In evaluating the seriousness of the change in the male role, we have to remember that practically all fathers take all their "daddy days" at the birth of a child and that fathers share equally with mothers in the leave for the care of children when sick, and that recent time studies show that Swedish fathers involvement in all kinds of parenting work has been steadily rising.

The policy of providing subsidized daycare for preschoolers is, of course, a basic policy for the facilitation of the participation of the mass of mothers of young children in the labor market and the demand for it preceded demands and plans for the encouragement of equal parenting; yet it is also an essential part of such a policy. The most expensive part of out-of-home daycare is that of babies, as their care is the most labor-intensive. One of the major arguments against a policy of publicly subsidized daycare has been the cost argument. Added to the cost argument are the manifold objections to the all-day institutional care of babies in their first year of life: the desirability of breastfeeding, the danger of infection, the psychological and emotional importance of a sufficient period of one-to-one and relaxed care-giving and care-receiving at this early stage for infant and parents alike.

The Swedish solution was to dovetail the normal start of subsidized daycare to the end of compensated parental leave, and to charge progressive fees based on the combined income of both parents. Until recently the municipalities promised to provide subsidized daycare for all 18-months olds, but during the years of the Swedish baby-boomlet they were not quite up to this, and waiting lines developed. Recently a new formal public policy specified the obligation to provide daycare and after-school care for all children between age one and ten, and this is now available for all applicants. Money was saved by lowering the start of schooling from age seven to six and transferring the five and six-year olds from the small groups of the daycare center to school classrooms and -yards, and thus to larger

groups. (A smaller number of daycare-spaces for babies has always been maintained for special needs, particularly for those of single mothers.)

Who looks after children who normally attend day nursery or school, when they (or their normal caregiver) are sick ? In 1974 Sweden also instituted "temporary parental leave", granting both parents the right to share compensated leave for looking after sick children up to age 12, generously extending in 1980 and again in 1990 the number of days for each child. This aspect of parenting is now near-equally shared by men and women.

In Sweden in the early '70s, after the reform of the tax law, women's employment rate rose steeply, but for a time 50% of all employed women worked part-time, most of these "short part-time", i.e., 20 hours a week or less, whereas hardly any adult men worked part-time. In Sweden where both gender equity and a high labor force participation of women were official goals, this situation led to the enactment of the provision for the entitlement of parents of any children up to age 8 - up to age 12 in the case of civil service employees - to demand of their employers to work a 6-hour day, making illegal any detriment to their standing and opportunities at work, and granting them the right to return later to fulltime work. This, however, is not a benefit policy, as parents are not paid for the two hours not worked. Yet, this part-time work - even a prolonged period of it - will not affect the employee's "supplementary pension", as this is calculated according to the 15 best years of employment remuneration. This policy was a major attempt at the integration of work and parenting; both parents are entitled to continue as "normal" workers in any occupation, while having enough time and energy for performing their parenting duties adequately. As a consequence of this law, the majority of Swedish mothers of young children now work a 6-hour day in any of the organizations and occupations in which they previously had worked full-time, including also in supervisory and other positions of responsibility. Yet, as only a small minority of fathers use this provision for the choice of more family time, the effect of equalizing the gender division of paid and unpaid work was smaller than hoped for.

So, what is the status of these policies and services in the face of the current recession with its serious economic problems?

Let us first have a cursory look at the background and the characteristics of the current Swedish recession: The recession started in 1990; by 1992 the national debt was 52.9% of GNP - compared to Canada's 83% that same year - and by October 1993 the unemployment rate was 8.5%, not including people in training programs.

In the fall of 1992, great pressure was put on the Swedish krona and an acute crisis arose. This is the way Evelyne Huber and John D. Stevens (Jan. 1993) describe events after that currency crisis, and its impact on the Swedish welfare state: "This crisis.. caused the governing non-socialist, or bourgeois, coalition - consisting of the Moderate Party (Conservatives), the Liberal Party, the Center Party and the Christian Democrats - and the opposition Social Democrats - to set aside their differences and come to an agreement on an austerity package which involved some SEK 40 billion in cuts in government expenditure, including cuts in key welfare state entitlement programs, as well as increases in taxes." They continue, " What is not generally realized is that the Swedish welfare state was already at a crossroads well before the crisis of September 1992. By the spring of 1992, every aspect of the welfare state was under scrutiny: Significant changes in every major social transfer payment program were under serious consideration and the government had proposed, and in some cases enacted, reorganization of the delivery of all major social services. Moreover, the changes had their roots in problems that clearly predated the economic difficulties the country experienced under the bourgeois government and in the last years of the previous Social Democratic government and thus can be attributed only in part to the recent economic problems of the country." \* Since 1990 certain cuts and economies were enacted in child allowances, housing grants, old age benefits, sickness insurance, work injury insurance and disability pensions. The pension age was gradually raised by three years. The purpose of these measures was to counteract known misuse of these benefits and to increase the efficiency of their delivery. The purpose of one measure enacted in July 1993 was to protect, by means of a special insurance, small employers from an inordinate burden in the form of holiday compensation for employees on sickness or parental leave. To encourage alternatives to municipal daycare, subsidies for the establishment of private or cooperative daycare were decided on - yet with rather limited success.

It is of special interest for our present topic - parental leave and allied policies - that during the entire four years of the recession no significant reduction in the provisions and services of the welfare state aimed at facilitating the equal participation of mothers in the labor market was enacted. Parental-baby-leave was not seriously affected - though the previously planned extension from 12 to 15 months compensated leave did not take place and the three additional months of the small flat-rate payment was abolished. The high compensation rate of 90% of previous income of the leave-taking parent remains in force until January 1, 1995, when it is

going to be reduced to 80%. At this time a law of mixed influence that was passed in May 1993 is going to come into force: if both parents take at least one month leave, two months will be compensated at the old rate of 90%; however, if one parent is not going to participate in parental leave at least one month, one month of compensated leave will be lost. The political forces in parliament which are interested in protecting parental leave provisions were ready to accept the reduction of the compensation to 80%, the abolition of the small flat rate payment for another three months, and the threat of the loss of a month of compensated leave, because for the first time pressure on fathers to participate had been enacted by law. Most important, at the same time the government accepted the responsibility to provide subsidized daycare for all children from age one to age ten. The shortage of daycare places had been overcome.

At the time that this law was passed, another law - sponsored by the Christian Democrats - which is contrary to the general Swedish policy of encouraging full participation of mothers in economic activity was passed: a modest allowance is being offered to parents who stay home and care for a child up to age three and do not use the services of public daycare. As this allowance is so modest, it cannot be expected that more than a few fathers will make use of this provision; therefore, in practice this law constitutes the encouragement of a serious interruption in the economic activity of women. (The only positive aspect of this law is that it provides some additional assistance to women who did not enter employment before becoming mothers.) The general opinion voiced is that as soon as the Social Democrats will return to power - and according to the polls, this will be the case in the general election in October 1994 - this last mentioned law will be repealed. All the other changes appear to be permanent,

A clear-cut, though not radical reduction was that of the benefit of temporary parental leave to look after children when sick; in 1991, when general sickness benefits were thus reduced, temporary parental leave benefits were likewise reduced from 90% to 80% of employees' income. \*\*

The basic economic argument for the protection of the right to parental leave and daycare services on a universal basis, was that it was essential to protect the broad tax basis of the Swedish welfare state by facilitating the effective and continuous economic activity of all its adult citizens.

This is a departure from the usual reaction to economic recession and crisis, of the demand to reduce the budget deficit and the national debt by reducing national expenditure through drastic cuts in the social services, and to

stimulate the economy by not levying any new taxes and lowering existing taxes. The Swedish majority policy, which is shared by most of the present non-Socialist Coalition and by the present opposition Social Democrats, is

a) to cut expenditure mainly by weeding out waste and inefficiency in the delivery of social services, but not by touching the principle of universality,

and

b) not to aim at the drastic lowering of the very high Swedish tax rate by drastically cutting or even abolishing such expensive social services as daycare and parental leave, but to aim first and foremost at the protection of the extremely broad Swedish tax base. It has to be remembered that, differently from most western countries, 85% of adult Swedish women remain continuously in the labor force, thus continuously contributing to the national social insurance tax income. If it were not for subsidized daycare, parental leave and the legitimate 6-hour-day for parents, part of women who are mothers of infants would have no choice but to interrupt their employment - and those who are mothers of kindergarten and of young grade-school children - to work very short and/or temporary and irregular part-time work, as is the case in most western countries. Therefore it would be counterproductive - tax-wise - to dismantle these services.

An additional argument is this. As women's demand for economic independence from men and for the equal sharing of family work will not go away, but on the contrary is going to become stronger, the Swedish policies are the wave of the future, and Sweden should serve as a model to the European Community, and not consider the lowering of its standards to the European average.

This does not mean, however, that nothing needs change: the same features in work organizations that have prevented fathers to participate more in baby-leave and to choose the 6-hour day, are also bad for economic reconstruction and competitiveness and need reform.

Research \*\*\* found that there is little macho opposition in male-dominated private sector work-places to men doing child care, and little outright pressure of employers on men not to take baby-leave or the 6-hour day has been reported. What then causes the reluctance of so many men to interrupt or reduce work for longer periods? Apparently, men consider themselves much more essential at work than women do, and are more reluctant to diverge from full-time and overtime patterns.

The question should therefore be asked, which organizational patterns, prevalent more in male-dominated occupations and positions may support this attitude? My tentative candidates are: individual responsibility of employees for specific tasks or clients, rendering their longer absence to be considered harmful; "project-work" that involves periods of intense effort and overtime for those chosen for the project team; all-male semi-autonomous teams with group productivity bonus, where one member's dropping-out may harm the rest; these three organizational patterns are part of past reforms, meant to raise workers' interest and involvement. Others are traditional e.g. uniform and obligatory shift work; over-long working hours for persons in some supervisory, managerial and professional positions. All these obstacles to many men's fuller use of their opportunities to become equal parents, could be overcome by appropriate organizational reforms. These reforms have to ensure that the tasks of fathers - and of mothers too, of course - during longer baby-leave, are being performed adequately; this is central to efficiency and competitiveness. Recent accounts \*\*\*\* of tasks simply being shelved or intended to be picked up by fellow employees, are unconvincing. One solution could be the full legitimation of the status of temporary workers and their employment, in addition to internal substitution and rotation.

### References

- \* Evelyne Huber and John D. Stevens (Jan. 1993) "The Swedish Welfare State at the Crossroads", Current Sweden, 1-6.
- \*\* All the information on recent legal changes was gathered through interviews with experts at the Ministry of Social Affairs, the Federation of Swedish Municipalities, the National Social Insurance Board and the Equality Ombudsman during the spring of 1994, and from their recent publications.
- \*\*\* The Nordic Study of the impact of workplace culture on parenting in the four Nordic countries, directed by Elisabet Nüsman.
- \*\*\*\* From a detailed report on their parental leave policy by the large Swedish insurance company FOLKSAM.

01/10/94