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**A Comparative Literature Review
of Parental Leave Policies**

Final Report

Submitted to:

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Abstract

A review of the domestic and international research and policy literature was conducted to prepare a summary of the state of knowledge on the impacts of parental leave policies on a range of policy objectives. The paper provides an up to date summary of policy instruments in selected countries and identifies significant gaps in the research on parental leave. While a relatively robust body of research and analysis is available on employment participation responses to policy change, little information is available on the impacts of parental leave policies on child development, family functioning or employers.

Executive Summary

SRDC has prepared the current report at the request of Human Resources and Skills Development Canada to:

1. review information regarding the range of policy instruments and designs to promote leave-taking for the care of newborn and young children with particular attention to innovative approaches and the policy rationales that underlie programmatic measures;
2. provide a critical review of published information from across academic disciplines to examine evidence for the impacts of parental leave policies; and
3. discuss knowledge gaps in the existing research and propose questions for future policy-relevant research.

The first section of the report develops an analytical framework and describes the methodology used for the review.

The second section describes the development and up to date details on parental leave policies in each the United States, Australia, the United Kingdom, Japan, New Zealand, Spain, Canada (with attention to the unique features of Quebec's provincial parental insurance program), Norway, Sweden and France. A summary of the key features of paid and unpaid leave in each of these jurisdictions is available at Appendix 1.

The third section of the report presents a critical review of the literature on the impacts of parental leave policies on children, parents and employers. Highlights from this portion of the report are provided below:

SUMMARY OF KEY FINDINGS FROM THE LITERATURE

Impacts on children and the family system:

- Access and uptake of maternity and parental leave seems to be associated with better infant outcomes when measured in the aggregate for things like infant mortality, immunization and certain developmental milestones. That said, the available research doesn't enable analyses that separate out the effects of the leave from the effects of the quality of care received by an infant, whether by a parent or other caregiver. The available research also suggests that the best outcomes are seen among children of better educated mothers, again complicating the question about the quality of care versus the duration of parental care.
- When combined with widespread access to child care (both market based and public), maternity and parental leave appears to be beneficial for employment among women. When benefits are very low or absent, women are likely to return to work quickly or to exit the workforce altogether or at least for a longer-term, particularly if they are lower-wage workers.

- There is little evidence regarding the impact of leave policies on family functioning. The best approximation comes from research on gender equity outcomes among two-parent families and infers a positive impact when fathers take leave. However, because rates of leave-taking by fathers are generally very low and seem to be self-limited to very short periods (even when the reserved portion for fathers is very long), any results from this data should be interpreted with some caution for family-level impacts.

Differential impacts by family characteristics

- Families with higher levels of income and education are more likely to take longer leave, or any leave among fathers, when the leave period is associated with a meaningfully high level of benefits to replace the wages lost. This effect is less evident in families with low or modest incomes.
- As presently designed, most leave systems with paid benefits in the countries examined for this study are actually transferring the greatest proportion of the benefit to families with higher incomes. These are also the families who are best placed to finance a leave from paid employment alone or in a co-financed arrangement.
- The available evidence suggests that, drawing conclusions from studies of broader definitions of family-friendly employer practices, offering parental leave to parents is likely to be neutral for employers at worst and may even be somewhat positive given the high costs of employee turn-over. There may be declines in labour supply among women with young children but it is not clear whether or how this directly or meaningfully impacts individual employers.

Impacts on employers

- There is no evidence of adjustments to either employment participation or fertility decisions (both overall and in terms of timing) to suggest that the program is encouraging births or labour market exits. Qualitative research does show that women consider access to EI benefits among other factors in making plans about pregnancy, but the economic research finds no measurable evidence of a behavioural effect. It may be that women over-estimate the degree to which access to benefits really does alter their behaviour or it may be that economic analyses conducted have not been able to detect the subjectively reported impact.
- The research on uptake of paternity leave by men and on employer practices suggests that policy may have an important signalling effect on both of these actors. In the absence of proscriptive policy, both fathers and employers exhibit a pattern of relatively rare uptake of leave for parental caregiving. However the survey evidence suggests that certain fathers and employers may have a stronger personal commitment towards parental leave even when there is no institutional influence, often taking or offering leaves that are longer than what is later institutionalized in policy. When policy is introduced, it may boost overall participation or coverage but it may also have the effect of creating a “race” to the policy limit, rather than an incentive to meet or beat the pre-policy best practices.

The final concluding section of the report discusses gaps in the research and proposes areas for future policy-relevant research. These include:

- better international comparisons to capture and keep up to date information on policy instruments and changes;
- studies on the interaction between parental leave and other policy instruments, chiefly childcare;
- addressing gaps in the knowledge on family-level impacts to better understand how family systems are affected during period of leave and on child development beyond studies of the duration of leave and presumed quantity of time with the newborn;
- longitudinal studies to examine the persistence of impacts over time rather than just their incidence at the time of the leave;
- studies to make better use of promising ideas from domestic and international policy and research to explore the feasibility of improving Canada's EI system.

Introduction

Canada's current system of paid parental benefits was first launched in the 1971 amendments to the *Unemployment Insurance Act* that for the first time offered women in paid employment a period of job protection and income replacement when they took time off to care for a newborn child. Until then, the only public income support had been through provincial mother's allowances (introduced between 1916 and 1920) and later provincial social assistance regimes. The 1971 measures were however the first time that a better balance between paid production (employment) and human reproduction (child-bearing and rearing) had been sought in policy-making. In fact, the introduction of the 1971 maternity benefits (while positioned in response to recommendations of the Royal Commission on the Status of Women) came into effect largely due to the leadership of federal policy-makers, particularly in the Women's Bureau of the then Department of Labour (Porter, 2003).

Today, the Employment Insurance system offers up to 50 weeks of paid benefits to new parents with sufficient insurable hours of employment. It includes a 15 week maternity benefit available only to birth mothers and a 35 week parental benefit available to either gender of birth and adoptive parents. Provincial and federal labour standards also protect workers from dismissal due to pregnancy and protect their right to return to employment after a maternity or parental leave. Quebec's new system of paid family leave (the Quebec Parental Insurance Plan) has only been in place since January 2006, but does offer a useful comparison to the federal system in place in the rest of the country. All employers and workers (including the self-employed) in the province now pay a mandatory premium that is added to Quebec's share of Employment Insurance premiums under its opting-out agreement with Ottawa¹. Compared to the federal plan², the Quebec model does offer more generous benefits (at up to 75% of a higher annual insurable earnings ceiling), for a longer period (of up to 55 weeks), for more workers (including the self-employed and workers with very low labour-market attachment). The policy seems to be promoting an increase in the province's birthrate³ and the province's program has exceeded the targeted demand and last year projected an accumulated \$936 million by 2012 requiring a 28% hike in employer and employee premiums that still won't be enough to keep the program solvent.⁴

Canada's current maternity and parental leave system offers what appears to be a very attractive system. But in international comparisons, many other OECD countries offer more generous parental benefit regimes (OECD, 2007). Countries including Hungary and the Czech Republic offer significantly longer leaves and higher wage replacement rates in parental leave than Canada. Also, some previous studies have suggested that some new

¹ All information on this program was collected from the QPIP program website, available online at: http://www.rqap.gouv.qc.ca/index_en.asp.

² For average income earners with full-time employment. Among lower income families the federal Family Supplement may reduce the difference between the benefits paid in Quebec versus the rest of Canada.

³ Statistics Canada (2008) *The Daily*, June 25, 2008, Ottawa. Available online at: <http://www.statcan.ca/Daily/English/080625/d080625b.htm>

⁴ Yakabuski, Konrad (2008) "Unruly parental leave program could use a spanking", *Globe and Mail*, June 19, 2008.

mothers do not qualify for maternity or parental leave because they have not accumulated enough insurable hours under the Employment Insurance (EI) system. Phipps (2000) estimates that 78% of first-time mothers qualified for leave benefits under a 700 insurable hours rule and that coverage declines for new mothers of next-born children so that by the time a woman delivers a 4th child, she only had an 11% chance of qualifying for EI. According to another study, coverage under EI may have continued to erode. Shillington (2002) estimates that, when including all new mothers (including first-time and mothers with other children), more than 40% of new mothers are not able to receive EI maternity leave benefits in Canada. Since these two studies were conducted, the insurable hours test has been reduced to 600 hours. The most recent estimates suggest that in 2008 roughly two-thirds of all mothers in Canada received some benefits under the Quebec or EI parental benefits programs, a proportion that had remained fairly stable since 2003 (Statistics Canada, 2009) however no recent information is available to compare the likelihood of receiving benefits under subsequent births as in the Phipps and Shillington studies. The main point remains the same: The impacts (positive or negative) of parental leave must always be understood to be limited to those families who are able to make use of them.

However, the EI maternity and parental benefits program should also be viewed in context as one of several measures to offer direct support to families with young children including, but not limited to:

- Protection against termination from employment because of pregnancy or child-birth under federal and provincial labour codes.
- Job protection for up to 52 weeks in cases of leave (paid or unpaid) for the care of a newborn child under federal and provincial labour codes.
- Income support targeted to families with young children under the Universal Child Care Benefit and the income-tested Canada Child Tax Benefit and the provincial benefits under the National Child Benefit system.
- Income support and ancillary benefits to families in need through provincial social assistance programs.
- Agreements with employers, generally through collective agreements, regarding employer-paid maternity or parental leave (usually as top-ups to the EI-funded portion) or other paid or unpaid family leave.

In fact, Canadian families are likely to show a range of variation in their access to and use of paid and unpaid parental leave. The support available to families following a birth or adoption may come from a range of sources (including private savings to replace foregone income or part-time earnings) and an analysis focused only on EI-related impacts may not offer a complete picture. What is shared, however, is a common experience among families of benefits and costs of taking time out of paid work to care for a new child.

What is also common across the various streams of support for young families are numerous and inter-related, though sometimes competing, policy rationales for supporting leave for the care of newborn or newly adopted children. For example, governments may be seeking to:

1. Promote and sustain labour force participation among women of child-bearing age.
2. Support the well-being of families with young children.
3. Support the well-being of infants.
4. Provide social insurance to working age and child-bearing age households and share risks between employers, government and families.
5. Reduce work-family strain among younger families.
6. Redistribute financial resources to families with young children.
7. Promote the full and equal social and economic participation of both genders.
8. Promote fertility rates among working age adults and particularly women.

Most recently an advisory committee appointed by the Government of Canada added another policy objective to the list in suggesting that longer and more accessible paid parental leaves could significantly reduce demand for child care in Canada (HRSDC, 2007). Among its recommendations, the committee called for a national paid parental leave of up to 18 months, consideration to extending it even further to 2.5 years, creating paid incentives for fathers and even grandparents to take leave for parental caregiving, encouraging employers to provide top-ups to the public insurance benefits and creating an optional parallel system for self-employed workers.

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The next section discusses the analytical framework and the research questions that shaped the study. The research methods are described before results are presented and discussed. Key summary information regarding international examples of policy instruments is available at Annex 1. The conclusion of the report focuses on the discussion of the knowledge gaps and suggestions for future investments in Canadian research on parental leaves.

Analytical Framework

The literature on family policy reveals a wide range of perspectives from child-centred models of human development, to discussions that focus on work-family conflict, through to feminist post-socialist critiques of the welfare state. In selecting a theoretical framework suited to the analysis of parental leave, it is possible to start with the child as the primary object or as the parent as the primary object.

Authors such as Hertzman⁵ and Mustard⁶ are primarily concerned with improving early childhood through pre-natal health of mothers and promoting high levels of family, community and national investment in the post-natal period from 0-6 years of age. They argue that the primary target for the policy direction ought to be the infant and then developing child, where the returns to the investments come, their model argues, in life-long improvements to health, development and productivity. This human development considers family leave really only in terms of a normative set of needs of developing children where the primary caregivers are the major but not sole vehicle for meeting those needs. Longer family leaves and higher income replacement rates may be among the policies favoured by researchers and thinkers in this vein but there is less attention to the mechanics of such policies or to their impact on working parents or Canadian employers.

Jenson and Sineau (2001) note that Canada has seen a shift in policy from what they term a family responsibility model to the social investment model supported by the important research of Hertzman, Mustard and others. In the former, the primary concern is on preserving the ability of the family to care for itself and its dependent members including but not limited to children (the elderly, persons with disabilities and those outside the workforce are also included). Underlying this approach, they argue, is a normative breadwinner model of the family in which one earner (almost exclusively male) gains income in the market sufficient to support the rest of the family. While the breadwinner model of the family responsibility era is now outmoded in an era where the norm is now a dual income household and female employment levels have nearly matched those of men, the social investment model alone may be insufficient to examine the impact of policies on parents caring for young children (including possible gender differences) and may in fact favour reduced labour force attachment of primary care-providers (generally women).

Given the desire for international comparisons within the current study some attention to cross-country differences in social policy structures is needed. Jenson and Sineau (2001) agree with the Esping-Andersen approach that measures of total spending are far less important for analysis and further propose that it is details of the social program, the forms of delivery and the rules of eligibility that are key in understanding patterns of access and impacts within welfare regimes. They note that all countries demonstrate some mix of policy regarding the care of children. The mix within each country, say Jenson and Sineau, will be

⁵ See for example Keating, D and C. Hertzman (2000) *Developmental Health and the Wealth of Nations*, Guilford Press.

⁶ See for example Mustard, J.F. and M. Young (2007) "Measuring Child Development to Leverage ECD Policy and Investment", Fraser Mustard Chair in Childhood Development, Calgary. Available online at: <http://www.frasermustardchair.ca/wp-content/uploads/mustard-and-young-wb-book-2007.pdf>.

reflective of the ways in which policy-makers have determined the best policy mix for families. No single mix will be ideal for all families and generally all care policies have developed in response to large social questions such as job protection during times of temporary illness, care in old age and how to care for persons with disabilities who were otherwise entirely dependent on charity.

Lewis (2002) and Haas (2003) separately propose complementary typologies for policy to use alongside the Esping-Andersen model. Lewis' model considers the relative importance of the male earner as family breadwinner and differentiates between:

- Strong Breadwinner states, such as Spain, the U.S. and U.K. in which there are long-standing and very ingrained expectations regarding the role of men to be primary providers for their family while responsibility for social reproduction is almost exclusively left to women with little role for state support.
- Modified Breadwinner states, such as France in which the gendered roles are in place however the state takes an active role in valuing and supporting the responsibility for social reproduction and unpaid labour in the home.
- Weak Breadwinner states, such as Sweden and Norway in which the state takes on a very active role to try to provide nearly equal support or recognition for paid and unpaid labour.

Haas' model is similar but adds a dimension that includes a role for the private sector:

- Privatized and non-interventionist states are similar to Lewis' Strong Breadwinner in that there is very low labour force participation among women, the care of young children is almost exclusively the responsibility of women and extended female family members which men are responsible for providing adequate income to support the family.
- Family-centred care states are similar to Lewis' Modified Breadwinner in that there are still very strong traditional gender roles but the state assumes a responsibility for supporting these. The labour force participation of women is lower than that of men but somewhat better recognized, often through access to childcare services.
- Market-oriented states may similarly hold traditional values and expectations regarding breadwinning and social reproduction roles, however in contrast to an expectation of parental caregiving, these states rely heavily on private sector childcare services and focus on creating incentives for employers to support parental leaves and other family-friendly policies.
- Valued care states are essentially similar to Lewis' Weak Breadwinner in that there is a strong state role in supporting paid and unpaid labour but Haas proposes that the underlying concern is for gender equality. In these cases, the goal of work-family balance is about re-shaping the division of paid and unpaid labour so that men and women share in these equally.

Gregg and Waldfogel (2005) illustrate possible variations in policy mixes primarily by the balance of parental leave and childcare. They note that together these create different

constraints on the decisions families make on when to work, when to care and who will perform each.

Table1: Typology from Gregg and Waldfogel (2005)

	High coverage for parental leave	Low coverage for parental leave
High access to childcare	Maximum choice for families on how to balance paid and unpaid work	Promotes short leave taking by parents with lower income (usually mothers) and quick returns to the labour force.
Low access to childcare	Tends to promote mothers' exit from the labour force following the birth of a child.	Associated with low female labour force participation and strong breadwinner role for men.

The interaction between parental leave and other family policies will be discussed in greater length in the results and conclusions sections of this report. However, it is important to note at this stage, that any full understanding of the nature and impacts of parental, maternity or paternity leave policies necessarily requires some attention to the interaction with childcare policy, with employer practices and labour legislation regarding work-family balance and the other ancillary services or benefits that the state may make available to support families in the care of young children. The impacts of leave cannot be fully isolated from these other policy areas, nor from, as Lewis, Jenson, Sineau and Haas note, from the broader socio-cultural and political context regarding the nature and roles of the family, market and state.

Variation can also come from the fact that not all policymakers and policy agencies necessarily share the same interests and priorities. Some actors will be primarily concerned with maintaining a competitive and robust labour market, others will be primarily concerned with infant development and others may have a broader interest in family wellness.

As Jenson (2004) points out, the context within which these decisions are taking place in Canada has changed significantly from the time that the initial architecture was first constructed. She notes that:

- labour-force participation is now highest among women of child-bearing age but child bearing still presents an obstacle to labour market participation;
- there has been significant growth in non-standard forms of employment that may or may not reduce overall unemployment and improve competitiveness but also may be leading to a ghettoization of the labour force by employment type;
- an aging population and declining birth rates are creating new pressures and challenges for policy-makers and families to grapple with care of the young and elderly.

Drawing on the above literature review, the framework used in this paper has the following analytical criteria:

- consider impacts on infants and children within the family system;
- be sensitive to the differential impacts of policies on caregivers and workers;
- be sensitive to the interaction effects of gender and income on policies regarding care and work;
- avoid normative perspectives on appropriate choices regarding work and care but instead favour individual and family choice to do either or both;
- recognize the complexity of the policymaking process where multiple interests, institutions and ideas all contribute but no single factor can be pinpointed as a single source of causality;
- consider employer and broader labour market impacts; and
- consider the broader social, demographic and economic context within which policies are being made.

Research Questions

UNDERSTANDING AND DESCRIBING THE RANGE OF PARENTAL LEAVE INSTRUMENTS AND APPROACHES

- What are the stated policy objectives associated with parental leave policies?
- What characteristics can be used to describe parental leave policies (such as duration of leave, income replacement rates and eligibility criteria)? Does a typology naturally emerge from the literature or environmental scan?
- What complementary family policies are in place alongside parental leave measures that are positioned as part of a policy package to support working families with new children?
- What is the balance of roles and responsibilities between families, employers and governments in various approaches to parental leave?
- Are there particular approaches or programs that are cited in the literature as innovative or unique?

EVALUATING IMPACTS

- What evidence, if any, exists for impacts of parental leave on child development outcomes (such as health, cognitive development and emotional development)?
- What evidence, if any, exists for impacts of parental leave on subjective or objective measures of well-being among parents, family functioning and reported work-family strain?
- What evidence, if any, exists for impacts of parental leave on labour force outcomes including participation, attachment, earnings and employment stability? Are the impacts different for men and women and different for standard versus non-standard workers?
- What evidence, if any, exists for impacts of parental leave on employers including productivity, employee retention, human resources management and collective bargaining or other employment obligations?
- What evidence, if any, exists for impacts of parental leave on fertility rates and population replacement or family formation patterns?
- Are the observed impacts associated with particular examples of parental leave? Can findings be generalized across jurisdictions?

Methodology

Research literature has been collected from a number of electronic sources including EconLit (database of economic research journals), Sociological Abstracts (database of sociological research journals), Wilson Social Sciences Full Text (database of social sciences research journals), PsychInfo (database of research from psychology, social work and related disciplines) and Erudit (database of French-language research in economics, social sciences and other disciplines).

Search terms in these databases included Boolean combinations of: “parental leave”, “parental benefits”, “maternal employment”, “parental employment”, “paternity leave”, “infant development”, “child development”, “work-family balance”, “family-friendly employment practices”, “fertility”, “employers”, “productivity”, “labour force participation”, “labour force attachment”, “family policy” and “care-giving”.

Similar terms were also used for searching research published on-line using Google searches. From on-line searches, published research has also been collected from some government sources including reviews conducted by or for the Government of New Zealand, previous research conducted by or for the Government of Canada at HRSDC, Status of Women and Statistics Canada, research conducted by or for the Government of France and research conducted by or for the Government of Australia. The OECD’s series *Babies and Bosses* as well as their online Family database have been consulted. Several papers were collected from the Institute for the Study of Labour (Forschungsinstitut zur Zukunft der Arbeit) in Bonn, Germany. Finally research published by the Centre for Economic Policy and Research (Washington, DC) and by the on-line Encyclopédie sur le développement des jeunes enfants have also been collected for the review.

The selected jurisdictions include: Canada, Quebec, Japan, Spain, New Zealand, US, UK, Norway, Australia, Sweden and France. These countries were thought to offer a range of states within the Lewis or Haas models while sharing common characteristics of a developed economy, democratic governance, with some participation in the labour force by women and a modern welfare infrastructures. Many of these countries (such as the US and UK) often serve as comparator countries in Canadian analyses (see for example Phipps, 2009; White, 2006; Lund 2004b; Lero, 2003; Henderson and White, 2003).

Studies and papers used in this study were generally limited to the more recent publications (generally those published between 1985 and 2009) with strong preference given to material published in the last 3 years. Due to the language abilities of the project lead, only documents in English or French could be included in this review. Studies presenting empirical research were prioritized over all others and studies were reviewed for their methodology, data sources and citations in the literature. As part of reviews from external experts, a handful of publications were recommended and were added to the final version of this report. Roughly 75 publications make up the information base for this review of the literature.

A review of the key leave policies (including paid benefits, statutory leaves from employment and other related measures) was conducted using published information from third party and then government websites from the selected jurisdictions. When comparing information from across existing international synthesis reports (for example the OECD database and previous research commissioned by HRSDC), it soon became clear that there were several discrepancies in the reported policy descriptions and that many reviews were based on information likely to be out of date. Wherever possible, English or French-language publications from national governments were consulted.

A summary of the information collected to date for the descriptive international scan is available as table at Annex 1. While best efforts were made to find and use the most up to date research, most studies of the impact of policy predate many policy changes that are reflected in Annex 1. Wherever possible, differences between the current policy measures and the policies in place at the time of the study will be noted in the discussion. However it does suggest that results should be interpreted carefully and as reflective of the policy regimes *at the time the studies were conducted*. They may not necessarily predict the impacts that might be found for the policy measures in place in the same countries today.

Key Concepts

For the purpose of the current research project, certain key concepts are defined below. Based on an initial review of the literature, these are consistent with other international comparisons such as concepts used in the OECD Family Database.

- **Maternity leave:** Statutory leave reserved for biological or adoptive mothers in the pre-natal, post-natal or immediate post-adoption period. May or may not include publicly-paid benefits including income replacement, income supplements and cash grants. Employer-sponsored leave (outside of statutory requirements) and leave granted under collective agreements will generally be outside of the scope of this review.
- **Paternity leave:** Statutory leave reserved for biological or adoptive fathers (or partners to the biological or adoptive mother) post-natal or immediate post-adoption period. May or may not include publicly-paid benefits including income replacement, income supplements and cash grants. Employer-sponsored leave (outside of statutory requirements) and leave granted under collective agreements will generally be outside of the scope of this review.
- **Parental leave:** Statutory leave available to either or both biological or adoptive parents or caregivers in the post-natal or immediate post-adoption period. May or may not include publicly-paid benefits including income replacement, income supplements and cash grants. Employer-sponsored leave (outside of statutory requirements) and leave granted under collective agreements will generally be outside of the scope of this review.

Annex 1 also includes information on the following:

- **Other measures:** Included in the scan were ancillary measures referenced in policy documents describing leave provisions that are intended to form a package of protections or supports to working families with new children. These include one-time cash grants to cover the one-time costs of preparing for a new child, labour protections to support flex-time, part-time or limited hours of employment while caring for a young child and, in the case of France, support for small firms with workers on maternity leave. While the initial proposal had named childcare as an example of complementary family policies that may interact with family leave measures, the initial scan suggests that a thoughtful review of international childcare policy would require a far more detailed research and analysis than is allowed by the current research funding and timeframe. No reliable and up to date study has yet been identified that might serve as a basis for analysis and discussion. As a result, the related measures will be more tightly selected as per the discussion above.
- **Source:** The funding source for any publicly-mandated income or other cash benefits paid to persons on maternity, paternity or parental leave. Generally these

are either social insurance funded, funded out of general revenues or, in the case of the UK, are employer-paid with a state-funded reimbursement.

- **Take-up:** Incidence of use of the policy instrument by the target population. In some studies, take-up is instead reported as coverage or the incidence of eligibility for the policy instrument among the target population.

Results

UNDERSTANDING AND DESCRIBING THE RANGE OF PARENTAL LEAVE INSTRUMENTS AND APPROACHES

Annex 1 presents a table summary of the current leave policies in place in the 11 jurisdictions studied. These are discussed below for each jurisdiction in the same order in which they have been presented in the Annex. The discussion also adds any additional information on implementation available from the literature. The order reflects the author's efforts to organize the jurisdictional policy differences according to the following criteria:

- **Inclusion:** What are the eligibility rules? Do they require labour market participation? If so, how strenuous are the employment hours or continuity rules? Do the eligibility rules create important barriers to participation for a large proportion of the population of child-bearing adults?
- **Generosity:** How long is the job-protected leave? Are there any paid benefits available to parents on leave? If so, what percentage of wages are replaced by the paid benefit?
- **Gender equity:** Do policies allow for male and female parents to share in leave-taking either by making the leave neutral and transferable between parents or, alternately, by reserving comparable portions of leave for both male and female parents?
- **Flexibility:** Do policies promote choice in the use of the leave and/or benefits by, for example, allowing choice in combinations of benefits paid and duration of leave, or by allowing a range of combinations of paid work and care-giving such as postponed leaves and part-time work and leave arrangements?

At one end of the spectrum is the United States which is, as many authors have noted, soon to be alone among OECD countries in not offering a national program of paid benefits with job protections to workers on leave to care for a newborn or newly adopted child. At the other end are France and Sweden, countries consistently discussed by researchers as exemplary or at least extraordinary in their universal, generous and flexible approaches to parental leave. Feminist authors have been particularly interested in Sweden because of its explicit policy aims of using family leave to promote gender equality. France however does edge out Sweden in terms of the generosity of the benefit in covering up to 3 years of benefits and guaranteeing job protection for the same period.

The variation in the jurisdictions below is striking considering the long history of maternity leave. The very earliest maternity leave protection was implemented in Germany in 1823 and was then primarily motivated by a desire to protect the health of lower class women who worked prior to the birth of their child and their newborn infants (Tanaka, 2005). The first international call for maternity benefits came from the International Labour Organization (ILO) which called for a paid leave of 12 weeks with at least 6 weeks of paid leave to be mandatory in its Convention on Maternity Protection in 1919. It is unclear how

influential this very early ILO convention has been in subsequent policy design and implementation. Within EU member states, it is much clearer that policy recommendations or even declarations of the former European Economic Community and now European Union have played a role in encouraging states to extend longer and more generously paid leaves to new parents. In June 2009, European social partners reached a renewed framework agreement on parental leave (European Social Partners, 2009). The agreement calls for leave entitlements to be available up to a child's 8th year, for a minimum 4 month period of leave, for each parent and that these should not be transferable between mothers and fathers. It remains to be seen whether this new resolution will prompt further policy change in EU member countries.

The United States of America

Job protected leave in the US became available as of 1993 under the *Family and Medical Leave Act* (FMLA) although it had been promoted as early as 1942 by the Women's Bureau of the US Department of Labor (Seward, Yeatts and Zottarelli, 2002) and the legislation had been debated in Congress for nearly a decade. In fact before the FMLA, most employers had instituted some form of maternity leave policies but made them mandatory and unpaid with very little by way of protections for mothers who wished to return to work. The FMLA provides certain employees of large and medium employers with a job protected leave of 12 weeks in total for each parent (non-transferable) of a child under age 18 (OECD, 2009; CIDCYFP). Parents can use the time at the birth of their child but the leave is also expected to cover days or weeks taken off to care for older children when they are ill or otherwise need care and in fact only 4 weeks consecutive leave can be taken in any year. The Act lets employers decide whether or how much of an employee's wages can be paid during the leave taken. To be covered by the Act, employees must have worked for 12 continuous months for the same employer. The employer in turn must employ more than 50 employees at that location and retains the right to deny leave if they deem the employee to be key to their firm. Together, this means that less than half of all private sector workers are eligible for leave under the FMLA (Han, Ruhm and Waldfogel, 2007).

The US model essentially established a very low minimum for employers and then leaves the implementation to them. As compared with other jurisdictions studied, it is more important in the US context to look at evidence of what employers provide in practice to their workers to understand the policy as it is being implemented. An annual survey of employer practices conducted by Gallinsky et al (2008) provides some useful data:

- Between 1998 and 2008, the survey found surprising stability in employer practices, policies and benefits. In other words, without further policy change since the FMLA, employers are not engaging in any first-mover changes themselves.
- In 2008, just over half (52%) of all employers reported they offered some pay to employees on maternity leave but the proportion offering full pay actually declined from 27% in 1998 to 16% in 2008. Very few (16%) offer any pay for fathers who take leave.
- In 2008, most (63%) employers provide a 12 week maternity and/or parental leave to employees. However, there is some evidence of a race towards the

baseline established by the FMLA. A lower proportion of employers in 2008 (24%) offered more than the 12 weeks than the proportion that did in 1998 (31%).

- Compliance with the FMLA is very uneven. As many as 1 in 5 employers who are subject to the FMLA are not offering leave that complies with it. Small firms who are exempt from the Act are about as likely as firms under the Act to offer comparable leave to their employees.
- Access to paid leave is much more likely for workers in larger firms, in the non-profit sector, in heavily unionized workplaces or in firms with a larger proportion of senior managers who are members of a visible minority.

The above data suggest that public policy can play an important role in setting a benchmark for employers and that firms may, over time, adjust their HR practices towards that regulated minimum.

As a federated country, US states may also play an important role. A handful of states (California, Rhode Island, New Jersey, New York and Hawaii) have amended their state-funded disability insurance programs to provide some benefits to pregnant women who are unable to continue working and to women who have recently given birth (Han, Ruhm and Waldfogel, 2007). California's Temporary Disability Benefits pays eligible women up to 60% of their maximum insurable earnings for a maximum of 6 weeks (Employment Development Department California, 2009). However the eligibility requirement imposes a stringent prior employment threshold of more than 1,200 insured hours and continuous employment with the same employer for 12 months or more.

The only other income support available to parents in need comes from the state provided welfare program, Temporary Assistance for Needy Families (TANF), an income support program of last resort. As part of major welfare reforms in the 1990's, the duration of the exemption of the employment activities for mothers of very young children was scaled back from the child's 3rd birthday to just 3 months after birth (Han, Ruhm and Waldfogel, 2007).

Australia

Australia has launched a major domestic review of its approach to parental leave as part of the background for a government plan to introduce the first paid parental leave to take effect in 2011 (Government of Australia, 2009). It is worth noting that, until the policy announcement, Australia was the only G8 country other than the US to not offer a publicly-funded parental leave. An inquiry into the design and potential impacts of a new paid parental leave benefit was conducted by the national Productivity Commission and, interestingly, the Government's desire to introduce a paid leave system has been positioned largely in terms of maintaining productivity by improving female labour force participation. The Commission's research suggests that the proposed paid leave will not reduce employment participation but finds little evidence that it will enhance it either.

Currently, Australian labour standards offer a job-protected parental leave of up to 52 weeks that can be shared by mothers and fathers following the arrival of a new child. In contrast to Canada's EI measures, the unpaid leave can be used concurrently by both parents but only during the first week after the birth. For a father to be able to claim the leave, the family must be able to show that he has taken on responsibility as the primary caregiver to

the child but the mother's responsibility is presumed. Since 2009, Australian families have received an integrated "baby bonus" and Family Tax Benefit. The baby bonus is a payment of AU\$5,185 paid out over 26 weeks and available only during the first year following a birth or adoption. It replaced a similar maternity allowance that was paid to mothers. The Family Tax Benefit is income-tested to introduce some progressiveness and takes parental employment into account for families with one adult who has left or significantly reduced his or (almost always) her employment. Labour laws also guarantee the right of workers with young children to request flexible working hours. It is worth noting that it is a right to make a request but the final decision is solely with the employer.

As in the US, Australian families must generally rely on employers to provide any voluntary paid benefits to workers on maternity or parental leave. Baird, Whelan and Page (2008) report that fewer than one quarter (23%) of collective agreements with Australian employers include a paid maternity leave clause and that fewer than half (47%) of female employees in the country report that they have access to a paid maternity leave. They further report that the average duration of maternity leave taken in Australia is well below international averages at just 6 to 11 weeks following the birth or adoption of a child.

Following the recommendations of the Productivity Commission (2009), the Australian Government has announced that it will introduce a new paid parental leave benefit in 2011. It will be paid via employers (who will use the funding to pay a wage to the employee) at a rate comparable to the national minimum wage (currently AU\$543 per week) for a maximum of 18 weeks. The benefit can be transferred between parents but the recipient parent must be on leave and be acting as the primary caregiver to the infant. To be eligible, parents must have been working for 10 of the last 13 months before claiming the benefit, must meet an insurable hours test and a maximum income test. The benefit will also be available to non-standard workers, including the self-employed and families who don't qualify will continue to receive the baby bonus and Family Tax Benefit. These later benefits though cannot be combined with the new parental leave benefit. In advance of the implementation, the government is expected to consult with employers. To make payments, it is expected that employers would receive advances from local government service offices.

The measure is expected to cost the federal government AU\$731 million over five years. The Commission report suggested that the measure be funded out of consolidated tax revenues but allow scope for employer-funded superannuation contributions at some future date. This later measure does not appear to be part of the government's policy response at this time and details on the funding are not yet clear.

The United Kingdom

The UK government has made several reforms to its labour protection legislation and parental benefits over the last 10 or more years. Haas (2003) described the UK's approach to parental leave as very market oriented and founded on very traditional male breadwinner models of family. He acknowledged that more recently the national government has begun to recognize the necessity of promoting female labour force participation and that this provides the main impetus behind changes to its maternity and parental leave measures. While the length of the job-protected leave has increased (though only the unpaid portion), leave policy in the UK continues to be heavily skewed towards mothers.

Maternity leave for qualifying mothers is paid for up to 39 weeks, an increase over just 12 weeks in 2005 (OECD, 2009; UK Government, 2009). To be eligible, mothers must have continuous employment for at least 26 weeks prior to a period of 15 weeks before the due date. The payment is tiered such that mothers receive 90% of their average real earnings for the first 6 weeks and then 90% of the maximum insured earnings. The benefit is actually paid by employers to employees on leave. Employers are eligible for a refund from government of at least 92% of their costs in paying the maternity benefit. For mothers who do not meet the above eligibility criteria but who are able to show some employment of at least 26 weeks in the previous 66 weeks before they give birth, the state will take direct responsibility for paying maternity benefits, albeit only at the lower rate of 90% of insurable earnings. The job protection for maternity leave apply only to the former group of women who are deemed as “employees”. For the others, referred to as “workers”⁷, while they receive income benefits, they have no similar rights regarding a job after their paid leave.

Since 2002, fathers may also be entitled to a paid paternity leave (UK Government, 2009). For those who meet the same employment test as mothers, the leave is either 1 or 2 weeks consecutively. In other words, the leave cannot be for a certain number of days and, if 2 weeks are taken, these must be taken back-to-back. Similar to the differentiation in benefits payable to mothers, fathers who are employees and fathers who are workers can receive a paid benefit of up to 90% of the maximum insurable earnings. Again only employees have job protections following the paternity leave period.

In addition to the paid leave, both parents are entitled to 13 weeks each for each child that can be used at any time up to the child’s 5th birthday. These weeks cannot be transferred between the parents, creating a use-it-or-lose-it portion for fathers, an element that is increasingly common in family leave policies. Parents of young children also have the right to request flexible working arrangements from their employer but these depend on the agreement of the employer.

Finally, low income families may also receive the Sure Start Maternity Grant. This is a one-time lump sum payment of £500 (more than CAN\$1,000) to pay for the costs of preparing for the arrival of a new baby.

Similar to the US study conducted by Gallinsky et al. (2008), Hayward, Fong and Thornton (2007) conducted a national survey of UK employers to examine their awareness and practices following 2006 changes to family leave measures in the country. In fact only 1 in 4 were able to name any of the major policy changes without prompting from the interviewer. Among the employers who had a female employee with a pregnancy, 80% reported paying the statutory maternity leave benefits. Of these 7% reported that they did not seek the government reimbursement for the costs and another 25% were uncertain whether they had or not.

Japan

According to Peng (2005), Japan has seen a general shift from a model focused on economic growth and development to a social and governance model based on democratic

⁷ Non-employee workers may include, for example, dependent contractors, casual workers, self-employed and others without a standard employer-employee relationship.

and pluralistic values. This has translated, in family policy, into public programs and benefits that are more inclusive of the elderly and children and more supportive of families. Beginning in 1958, major social policies were introduced in response to mounting concerns about the growing split between wealthy and poor in a post-war Japan driven, until then, by economic growth alone. The Maternal and Child Welfare scheme was among these reforms and included: 1) changes to social assistance to make it more generous for families with children, 2) institutional supports for single mothers, 3) public daycare and after-school care programs, 4) public health services, and 5) a new child allowance for single mothers. Decades later, in the 1980's, policy-makers reversed this trend somewhat in trying to promote more traditional 3-generation households so that grandparents might help with childcare and working age adults might support their elderly parents. The approach was a failure and by the 1990's, policy-makers recognized that adaptation was needed to come to grips with increasing levels of education and employment among women, where these young women were far more likely to work after marriage and childbirth compared to previous generations.

As policy moved from a male breadwinner model to a dual-earner model of the family, the government introduced, in 1994, its so-called "Angel Plan" as a 10 year plan for families and children (Peng, 2005). Also behind the plan was a growing alarm among policy-makers in the country's fertility rate. The plan included: expansions to public childcare through additional spaces, extended centre hours and an unpaid parental leave under the national Employment Act. In 1996, the government added child allowances for dual income families and the right for workers with young children to request flexible working hours. In 1998, the parental leave was enriched by adding a benefit to replace up to 40% of income.

Currently, Japan offers mothers a paid maternity leave from as early as the 42nd day before the due date to 56 days after the birth (Government of Japan, 2004; *The Mainichi Daily News*, 2009). The benefit is paid at a rate of approximately 66% of earned income and is paid from the national health insurance program. To be eligible, mothers must only demonstrate that they hold insured employment at the time they apply for the benefit. In addition to the maternity leave, either parent can take up to 60 weeks of Child Care Leave but the leave must be taken before the child's first birthday. The benefit is paid out of the national insurance program again but only replaces between 30 % and 60% (most often 40%) of the parent's usual salary. The leave can be extended by up to 6 months, with the agreement of the employer, if the parent can show they would otherwise have to resign their employment position to care for their child. The best available data (Government of Japan, 2009) suggest that leave-taking by fathers is very rare at less than 2%, although nearly 70% of Japanese mothers do take the leave following the maternity leave.

New Zealand

New Zealand has had a job protected maternity leave since the 1980's but only began offering paid benefits for parents on leave several years later (Government of New Zealand, 2007). The unpaid leave provisions were extended to spouses several years later, but a paid benefit was only made available as of 2002 to either mothers or fathers, making the policy largely gender neutral from the beginning. In 2004, the paid leave was extended to 14 weeks and in 2006, paid benefits were offered to self-employed parents. According to a review conducted by the New Zealand Department of Labour (Government of New Zealand, 2007),

the policy change had multiple goals: supporting gender equity in the labour market, promoting gender equity in the household, improving health outcomes for mothers and infants and supporting income stability for families during the leave period.

The New Zealand program considers the labour force participation of both the mother and the father (Government of New Zealand, 2007), applying a two-tiered threshold for maximum benefits (10 days special leave for the mother during her pregnancy, 14 weeks paid parental leave for either parent and another 52 weeks unpaid leave for either parent) or more modest benefits (10 days special leave for the mother plus 14 weeks of paid parental leave for either parent but no entitlement to the extended unpaid leave). There are separate rules for self-employed mothers who receive neither special reserved leave nor the extended unpaid leave but are entitled to the 14 weeks of paid leave. For couples in which the father meets the higher employment threshold but the mother has no or very low insurable employment hours, only the 52 weeks of unpaid leave is available to the father. In some cases, fathers may also be eligible for an additional 1 or 2 weeks of unpaid paternity leave.

Although the employment thresholds are applied to both mothers and fathers in New Zealand, mothers with higher labour force participation than their partner are able to earn and transfer greater shares of leave, including paid leave, to their partner. By contrast, fathers with higher employment participation do not accumulate comparable transferable benefits for their partners. Finally it is worth noting that the New Zealand leave rules make it clear that, even for couples with both partners who meet the minimum employment threshold, the paid leave is presumed to be a benefit conferred to the mother unless she transfers a part or all of it to the father. Taken together, the New Zealand approach to parental leave is likely to favour families in which mothers take time out of paid employment to care for infant children.

The same review by the NZ Department of Labour also presents results from a 2005/06 evaluation of the leave program. It finds that:

- Paid and unpaid leaves afforded under the program and legislation are almost exclusively taken by mothers.
- Among eligible mothers, roughly 80% take a period of paid parental leave, representing 2/3 of all women who are working immediately before birth or adoption of a new child.
- Mothers report that they would like to take longer leaves but do not find the income replacement under the paid parental leave of 14 weeks enough to replace their contribution to the household income over the next 12 months of unpaid leave entitlement.
- Although most mothers return after leave to the same job with the same employer, most of these change their employment by working part-time.
- Although larger employers are more likely to have experienced a female employee taking paid parental leave, small and medium sized firms are more likely to demonstrate flexibility in response to their female employee's needs and preferences in balancing work and family demands.

Spain

Haas (2003) characterizes Spain's approach to family leave as non-interventionist, leaving responsibility for caregiving in the hands of families alone. Haas argues that the care of young children is performed almost exclusively by women in families and that, with very little access to childcare, women's labour force participation is very low compared to other European nations. Pronzato (2007) reaffirms this description, noting that Spanish mothers have very low rates of employment after birth, owing largely to a lack of paid leave, poor access to child care services and general social views that do not favour maternal employment.

In 2001, Spain's national government introduced its National Plan to Support the Family, a wide-ranging policy package with tax benefits and measures to promote work-family balance (Pronzato, 2007). Some of the motivation may have come from a desire to comply with European Commission directives on maternity and parental leave and job protection. Some of the motivation may have been in recognition of the changing labour force participation among women and concern over falling birthrates in the country.

As early as 1999, Spain's program included 16 weeks of paid maternity leave (paid at 100% of employment earnings), 1 year of unpaid parental leave and up to 3 years of unpaid family leave to care for dependent relatives (Kriz and Salida, 2008). In 2007, the program was expanded to grant up to 2 years of unpaid parental leave and to extended state-paid coverage for all social security contributory programs during periods of leave, reducing penalties in public pensions for periods of leave during working years.

Currently Spain offers 16 weeks paid maternity leave for a first or second child born to a woman and 18 weeks of paid maternity leave for women having their third and subsequent children (Kriz and Salida, 2008). The wage replacement rate is very high at 100% of earnings, paid out of the central social insurance fund. For women who do not qualify for the social insurance funded benefits, a non-contributory source covers them for 16 weeks at 100% of the maximum reference income. To qualify for the social insurance benefits, women must have 180 days of insurance contributions over the past 5 years and be currently employed at the time they apply for the paid leave. The threshold is also adjusted for age, given widespread patterns of lower employment among Spanish youth, making it among the most flexible and accessible eligibility criteria for paid leave.

Spanish fathers are entitled to 15 days of paid paternity leave at 100% of maximum insured earnings (Kriz and Salida, 2008). There is no paid parental leave as such but mothers can transfer up to 10 weeks of their 16 week maternity leave to a father, on consent or death of the mother only. The unpaid parental leave is available to either parent up to the child's 3rd birthday – extended to the 6th if the parent is working part-time. During this period, parents may also reduce their working time to 30% to 50% of a full-time equivalent. In a particularly pro-natalist stream, Spanish policy also now offers a universal grant of €2,500 for families with a newborn child and €3,500 for third-born children or multiple births.

According to data from the OECD and Columbia University (OECD, 2009; CIDCYFP), uptake of the paid paternity leave is respectable at roughly half of eligible fathers. However, almost no fathers take any paid parental leave from time transferred by a mother – less than

2% of eligible fathers took any of the 10 weeks of paid leave available from the maternity leave of 16 weeks.

Canada and Quebec

Arguably Canada's first policies to support the care of young children came in the very early 20th Century with the introduction of mother's allowances in various provinces between 1916 and 1920. These were, says Porter (2003), introduced in response to the growing demand for charitable assistance to sole-support female families during and in the wake of the First World War. Porter's assertion that they also had an express policy intent to encourage women to leave the paid labour force is difficult to establish in fact but worth consideration. It was in the post-war period of Lord Beveridge's reforms in the UK and Leonard Marsh's report in Canada, that unpaid care giving was first institutionalised in social assistance among other social programs as a reason for exclusion from the workforce. For women without a male breadwinner, this offered some income support for the care of young children and excluded them from employment participation rules. For women with a male breadwinner, they were neither expected nor encouraged to participate in paid labour at the expense of their unpaid responsibilities for the care of dependent children. Yet, as Porter notes, sizeable numbers of women were working in Canada at the turn of the century and throughout the 1950's and 1960's period of welfare expansion in Canada, despite the idealized views to the contrary. The Unemployment Insurance program was introduced in 1940. Townson and Hayes (2007) note that the original policy objectives of the UI system were to provide temporary income support to workers who were between jobs. When it was introduced, the program only covered approximately half of all workers in Canada. By the late 1960's, it was becoming apparent that many women in Canada were using the UI system as a means of securing income insurance for periods of pregnancy and after childbirth (Porter, 2003). At the same time, it was a common experience for women to be asked to leave their employment once they became pregnant or even simply engaged to be wed to a male breadwinner. A presumption of the adequacy of a single, male income to support a family is obvious but remarkable when you consider how many women were in the labour force at the time and how many were in fact the higher earners in a dual-earner family. Even in 1965, more than 1 in 10 dual income households had a female earner as the primary breadwinner (Porter, 2003). It is perhaps not surprising then that, without recourse to another system except the stigmatized social assistance system for sole support mothers, women might have worked to ensure they had sufficient insurable earnings and hours to qualify for regular UI benefits when they expected to leave the paid labour force because of pregnancy and childbirth. By the late 1960's, policymakers in Ottawa were sufficiently concerned about the unintended use of the UI system as income insurance for pregnant and post-partum women that the issue of a paid or unpaid maternity leave gained some currency in policy discourse. Porter (2003) notes that there was no groundswell of support calling for a paid leave and that in fact the majority of women's organizations were far more concerned with protecting the job security of women in cases of pregnancy and childbirth. It was in fact within the state itself, from the Women's Bureau in (then) federal Department of Labour that the strongest advocacy was made in favour of paid maternity leave.

Two events in 1970, the Report of the Royal Commission on the Status of Women and the federal White Paper on Unemployment Insurance, laid the policy foundation for today's

current system of paid maternity and parental benefits under the Employment Insurance system. Among the recommendations of the Royal Commission were that federal labour codes be amended to protect women, and particularly married women, from dismissal when they became pregnant and preserved their right to return to paid employment following a leave of absence (O'Neill, 2003). The Commission also recommended the introduction, through the UI program of a maternity benefit for women who had temporarily left the workforce to have a baby. The 1970 White Paper proposed several changes to fundamentally change the UI system into what was perceived to be a more inclusive and responsive system that offered, for example, coverage in cases of temporary illness (the new Sickness Benefit) and would be available to all workers considered to be employees. It's worth noting that the discourse at the time very much equated coverage for pregnancy and coverage for illnesses, reflecting a view of pregnancy as a medical condition to which only women can be subjected but not necessarily unique from other medical conditions that might preclude work or certain forms of work (O'Neill, 2003). In 1971, the UI system was amended and the new "special benefits" for sickness and maternity were introduced.

Then as now, eligible women could claim the sickness benefit if their doctors certified that their pregnancy was at risk if they continued to work. The maternity benefit could be claimed by eligible women for up to 15 weeks, including a 2 week waiting or "co-insurance" period. The benefits had to be used continuously over a period beginning no earlier than the 8th week before the due date and ending not later than the 6th week post-partum (Townson and Hayes, 2007). The program was also so concerned that women might work only long enough to qualify for benefits that it required women not just to meet the standard eligibility criteria based on at least 10 weeks of full-time employment, but also to prove that they had been in paid work for at least 10 weeks before even becoming pregnant (Townson and Hayes, 2007). This so called "magic-10 rule" provision remained intact until the mid 1980's following the recommendations of the Forget Commission.

Among these, the special qualifying rules for pregnant women were eliminated and coverage was expanded, primarily in recognition of the need to include new mothers who were adoptive rather than birth parents. The new measures extended leave for up to 3 months post-partum by enabling women to start their leave as early as 8 weeks prior to and up to the birth of their child (1983). When a 10 week parental leave was introduced in 1989, eligible parents were offered up to 6 months of paid benefits for eligible parents where only women could claim the maternity portion. During the same time, Canadian labour legislation both federally and provincially also expanded the rights of women to leave from employment due to pregnancy and to care for a new child. Particularly during the 1980's and 1990's, federal and provincial legislation extended the duration of the leave well beyond the benefit period for UI. As Zhang (2007) notes, mothers in Canada during the 1980's had a legal right to take an unpaid leave of absence from their job for up to 18 weeks and to return to the same or comparable employment. In the 1990's, that period expanded in all provinces except Alberta and Saskatchewan to between 29 and 52 weeks. The variation among provinces is worth noting and in fact Quebec appears to have been the most generous offering 70 weeks of protected leave since 1997.

Additional enhancements to parental benefits were implemented effective December 31, 2000, when the duration of parental benefits was increased from 10 to 35 weeks. The number of hours required to qualify for special benefits was reduced from 700 to 600 hours and a

second parent sharing parental benefits was no longer required to serve a second two-week waiting period.

Compared with the federal EI benefits and other provincial labour legislation, Quebec's system appears to be somewhat more flexible, generous, inclusive and gender-neutral. New parents can select between a basic and special plan (Emploi et solidarité sociale Québec, 2009). Under the "Basic Plan", mothers receive 18 weeks of paid benefits at 75% of the maximum insured earnings, fathers receive 5 weeks at 70% of maximum insured earnings and both parents can share in a parental leave of up to 7 weeks at 70% of maximum insured earnings and 25 weeks at 55% of maximum insured earnings. The "Special Plan" offers a higher income replacement rates spread over shorter periods of time so that maternity leave is reduced to 15 weeks but with a benefit of 75% of maximum insurable income. Similarly paternity leave is reduced to 3 weeks at 75% of maximum insurable earnings and parental leave is reduced to 25 weeks at 75% of maximum insurable earnings. The Quebec approach to eligibility appears very inclusive: All employed or self-employed persons with earned income of at least \$2,000 in the year before the birth qualify for the QPIP benefits. The benefits are funded out of a universal, mandatory premium collected from employers, employees and self-employed workers.

However, the policy is somewhat less flexible than it might first appear:

- First, although the paid maternity benefits can be taken non-consecutively, they terminate after the 18th week following the birth. While fathers can take leave simultaneously out of their parental leave entitlement, families are likely to maximize their total benefits by having mothers take the first 15-18 weeks of leave.
- Second, all benefits have to be paid within 52 weeks following the birth of a child except in special circumstances which means that, to take a full 55 weeks of paid leave, a birth mother would have to leave her paid employment no later than 3 weeks prior to her delivery date which is more often than not the predicted due date. In effect this means that women in Quebec are able to take no longer than the same maximum 1 year post-natal paid leave as women in the rest of Canada.
- Third, the program offers only 2 options and the option (either "Basic" or "Special") chosen at the outset cannot be changed later on, even if family circumstances or needs change. For low and modest income families, a shorter leave may be viewed as a reasonable trade-off for a higher income replacement rate but for higher income families who meet the maximum insurable earnings, the longer basic benefit actually pays \$2,980 more in total.⁸ In other words, the degree of progressiveness attached to the higher benefit rate is likely too low to meaningfully improve the conditions for lower and modest income families while they are losing out on longer durations of paid leave.

⁸ Based on calculations at the maximum benefit rate for the maximum number of weeks under each the basic and special plans and using the published program information. A family with the maximum insurable earnings (\$62,000 at publication) opting for the special plan would see a total of \$38,451 in paid benefits before taxes. The same family with the same earnings opting for the basic plan would see a total of \$41,432 in paid benefits before taxes.

- Finally, the program also maintains the Employment Insurance inspired reductions of benefits for any employment earnings at a \$1 for \$1 level during maternity leave and at each dollar above the higher of 25% of the benefit amount or \$50 per week for the rest of the leave. The parental leave can be interrupted but the time frame of 52 weeks post-natal remains in place. In other words, the Quebec plan also has serious limitations in giving families maximum choice and flexibility in determining the best mix of paid and unpaid work for themselves.

In terms of impacts, few if any studies have been able to look at family leave in Quebec in isolation. As mentioned earlier, the province is seeing an increase in its fertility rates, a rare exception among other Canadian provinces. Similarly, according to a 2007 study by the provincial Conseil du statut de la femme (CSF), the province has also seen the strongest rate of growth in labour force participation among women of child-bearing age, including even lone mothers (Beaudoin, Lepage and Bérubé, 2007; Guedj, Lepage and Bérubé, 2005). The CSF noted the provincial parental leave (in addition to the provincial childcare program) as among the key policy developments supporting this increase in employment participation. Their chief concern remains the risk of returning to a traditional breadwinner model of families and note that the leave policy alone does not provide enough flexibility to families to more equally share the division of family care and paid employment. In particular, the CSF calls for greater attention to employer practices on work-family balance.

The CSF's concerns are largely related to how much parental leave is actually shared among men and women. A 1995 study by Moissan found that, at the time, use of parental leave by men was very rare: among parents taking any leave at all, just 4.2% were fathers and among those taking the maximum leave allowed, only 2.5% were fathers (Moissan, 1995). Moissan's study also found that most men on leave (60%) had the mother present so the degree of responsibility for child care is unclear at best. Moissan did note that the Quebec men taking leave were less likely to hold traditional attitudes towards gender roles but that the gender of the child had an important influence with fathers of sons significantly more likely to take time off than fathers of daughters. But the key determinants of leave-taking (or at least the primary barrier) in Moissan's study, appeared to have been the wage replacement rate (viewed as too low) and the perceived negative attitudes of employers, colleagues and family to leave-taking by men.

In light of these results, the Quebec approach to reserve a portion of leave-taking for men and to increase wage replacement rates is not surprising. A 2008 study by Marshall suggests it may be working. Looking at data from 2004 to 2006, Marshall finds that Quebec men are vastly more likely to take parental leave than fathers in the rest of Canada and that the rate of leave taking is growing. In 2004, 22% of new Quebec fathers took some parental leave compared with just 9% in the rest of Canada. By 2006, more than half (56%) took some parental leave, compared to just 11% in the rest of the country. The difference is so great that Caragata and Miller (2008) suggest that leave-taking by Quebec men is almost exclusively responsible for any aggregate increase in paternal use of paid and unpaid leave at the national level. Marshall's data though suggest that the duration of leave in Quebec is highly changeable from one year to the next (decreasing from an average of 13 weeks in 2005 to just 7 in 2006) and not necessarily higher than in the rest of the country (where leave-taking among fathers averaged 11 weeks in 2005 and 17 weeks in 2006). Unfortunately, Marshall's study is not able to differentiate between time taken under the gender neutral parental leave

and the reserved paternity leave for fathers. Caragata and Miller's review suggests though that the duration of leave-taking by men is negatively related to the duration of leave-taking by women. They argue that this finding suggests a need for both sufficiently long leave periods for mothers and also dedicated leave periods for fathers. The authors also echo numerous other studies which find that, outside Quebec, the mechanism of the EI system and even provincial labour standards on unpaid leave are covering fewer and fewer parents as more and more workers move out of standard employment arrangements

Sweden and Norway

Although Sweden is consistently held up in the peer reviewed and grey literature as a model for national leave systems (see for example Haas, 2003; Ray, Gornick and Schmitt, 2008; Lund, 2004; Gregg and Waldfogel, 2005), according to OECD data for 2005, several other countries may actually give larger benefits for longer periods of time. For example, paid maternity leave is longer (as a percentage of a full-time equivalent) in the Czech Republic, paid paternity leave is longer (using a similar metric) in Iceland and paid parental leave is longer in Hungary (OECD, 2007). Perhaps the attention to Sweden's policy approach owes more to its long history (the first leave was introduced in 1901 as an unpaid leave for mothers) and to its gender neutrality (Gupta, Smith and Verner, 2006; Gregg and Waldfogel, 2005).

Paid leave has been available for new mothers in Sweden since 1955 as a universal entitlement to 3 months which was made transferable between parental in 1974 (Gupta, Smith and Verner, 2006). In 1980 the state introduced 2 weeks of so-called "daddy days", paid leave reserved only for fathers and throughout the decade there was a general trend towards increased generosity in the paid leave for new parents (mostly by extending the parental benefits which at one time reached 14 months before being rolled back to 12 months). Norway's leave system followed a similar model, with reserved days for fathers introduced in 1974 alongside an increasingly generous system of universal or quasi-universal coverage for maternity and parental leaves. Today both countries are acknowledged as leading what is commonly referred to as the "Nordic Model", in which access to both paid leave and to public-funded daycare is very high (Gupta, Smith and Verner, 2006; Haas, 2003; Jenson and Sineau, 2001; Lero, 2003; Lewis, 2002). These countries tend to enjoy high rates of female labour force participation, both before and after parenthood and tend to be scored well on indices of gender equality (OECD, 2007b; Lund, 2004; Ray, Gornick and Schmitt, 2008).

Norway has maintained the same historic approach of reserving time for fathers while offering generous and long paid leave, the bulk of which can be split between parents. The system includes 12 weeks paid pregnancy leave (available until the due date), 6 weeks paid maternity leave and a 6 week paid paternity quota for fathers (Government of Norway, 2009). These benefits are all housed within a 44-52 week paid parental benefit that covers 80%-100% of maximum insured earnings for eligible parents. Like the Quebec system, Norway offers families a choice of longer benefits at a lower wage replacement rate or shorter benefits at a higher replacement rate. Eligibility for the parental benefit can be established by either parent through paid employment in 6 out of the 10 months prior to the birth. Access to the paid paternity quota depends on both parents meeting the eligibility test for the parental leave and that the mother work more than 50% of a full-time equivalent

during the qualifying period. In other words, the Norwegian approach, like the New Zealand system, considers the employment patterns of both parents in setting a family-level entitlement but it offers substantially more transferability of benefits in both directions between parents. Norway also offers an unpaid leave of 1 additional year per parent (2 years for sole parents) but it expires on the child's second birthday, effectively limiting the unpaid leave to 1 year or slightly more after the paid benefits are exhausted. Lund (2004) reports that the state also offers a "Time Account" benefit which supplements parental incomes for parents who want to work less than 50% until their child is 2 years old.

Sweden has reformed its approach to family leave by removing reserved entitlements for maternity or paternity leave and replacing them instead with a universal entitlement to 480 days (approximately 2 years of paid employment time) of paid benefits to be shared between parents (Government Offices of Sweden, 2009). The entitlement begins 60 days before the due date and ends on the child's 8th birthday. The first 180 of these days are paid at 75% of the maximum insurable earnings with the balance paid a flat rate, adjusted for inflation. Access to the higher replacement rate for the first portion of days does depend on meeting a set insurable earnings threshold for either or both parents. Because the time is allotted (including the job protection requirements) in terms of days, parents can take them continuously for longer periods, intermittently or even as parts of days. Within the allotment, 60 days are reserved for each the mother and the father. Parents who opt to share the 480 days of time equally may receive a cash Gender Equality Bonus and parents who permanently reduce their working hours to care for a young child (under 3) can receive an income supplement (Child Raising Allowance) when their paid parental leave days have been exhausted. Parents cannot claim a day of leave at the same time, effectively forcing them to take turns in child care when the leave is shared equally.

According to Caragata and Miller (2008), the drive to promote more equal participation in parental caregiving and leave-taking by men in Nordic countries was very much a top-down exercise driven by policy-makers concerned with sustaining female labour-force participation without trade-offs in the quality of care for or outcomes of dependent children. Seward, Yeatts and Zottarelli (2002) find that the take-up rate of parental (previously paternity) leave among men in Sweden has increased substantially: from just 3% of all eligible fathers in 1974 to nearly a third (32%) of eligible fathers in 1998. However, their study suggests that the proportion of leave taken by fathers has not increased by comparable margins, moving only from 5% of all available leave in 1980 to 10% in 1998. Caragata and Miller echo this finding, suggesting that the breadwinner role of males persists even in Sweden where men are more likely to work in the private sector where wages are higher and effective replacement rates under the parental leave program would be much lower in real terms. Similarly in Norway, Lappegard (2008) studied use of parental leave in Norway between 1993 and 1997 following the introduction of the special quota for fathers. She finds that while 85% of eligible fathers use the paternity portion of the paid leave, very few (in fact just 14%) take any further time off after their allotment has been exhausted. Before the quota was introduced, she notes, few fathers in Norway took any leave but those who did tended to take leaves that were longer than the current quota period. First-time fathers are more likely to take leave than fathers of already born children but, unlike Sweden where higher male employment earnings may be a disincentive for fathers to take paid leave, Lappegard's study found that paternal income did not have a negative effect on leave-taking but that the

mothers' income had a positive effect such that partners of higher earning women are more likely to take leave.

France

Like many of the countries sampled for the study, France has also recently revised its national policy on parental leave. Under the former program design, the parental leave portion was very long at 3 full years but unpaid for first-born children, leading most international comparisons to rank the country somewhat lower than Nordic countries in terms of generosity and gender equity (Ray, Gornick and Schmitt, 2008). While France does continue to treat families somewhat differently based on the birth-order of the newborn child, it does appear at least on paper, to offer the best mix of long paid leave, inclusive eligibility criteria and flexibility in when and how leave is taken to care for a young child. That said, the French approach must still be understood within a context already described above by Lewis and others as favouring a more traditional, male breadwinner approach to balancing paid work and unpaid care in the family.

All mothers in France, whether in standard or non-standard employment are entitled to a job-protected leave of 16 weeks for their first or second childbirth and 26 weeks for subsequent or multiple births (Government of France, 2009). At least 2 weeks of this leave must be taken before the due date and 6 weeks must be taken immediately after (the high profile recent example of French cabinet minister who returned to work within days of giving birth notwithstanding), with workers in standard employment enjoying some greater flexibility in moving the pre-natal time allotment to follow the birth. While on leave, mothers in standard employment with at least 10 months of contributions to the national social insurance system receive the Assurance Maternité, a daily income benefit based on a formula that considers her earnings over the past 6 months. Mothers in non-standard employment receive the Prestations pour les non-salariées that pays 44 days of income benefits.

Fathers of newborn infants are entitled to an unpaid job-protected paternity leave of between 11 and 18 days in the first 4 months after the birth, but this entitlement only extends to fathers in standard, salaried positions. In addition to the unpaid leave, all new fathers who are covered by the French labour code have 3 days of statutory paid paternity leave, a very small amount relative to the paid quotas available in Nordic countries or Quebec.

The major reform to the French model has been to the paid parental leave. There has been a long-standing entitlement to 3 years of job-protected leave following the birth of a child but because no wage replacement was offered to first-time parents, it was common to see French mothers (generally with lower earnings) leave the workforce until the youngest child was three years of age (Haas, 2003). As of 2004, families in France have access to a nearly universal program (Complément de libre choix d'activité) that pays a set rate benefit for 6 months to families with one child and up to 3 years for families with two or more children. The benefit is payable during the statutory parental leave period or up to the child's third birthday and can be pro-rated to supplement the wages of parents who chose to work but at reduced hours. For families with 3 or more children a monthly benefit (Complément optionnel de libre choix d'activité) similarly available at a different wage replacement rate. The benefits can be taken by either parent who meets the eligibility criteria (set as a minimum contribution threshold to the national pension plan) and can be taken by both

parents simultaneously if they both continue to work part-time. In this last respect, the program offers dual income families significantly more choice about how to share in the responsibilities for paid and unpaid work than even the Swedish model.

In addition to unpaid and paid leaves of absence, France offers many ancillary benefits that are similar to those in other countries discussed above. These include the right to request part-time working hours for family care responsibilities, means-tested monthly income benefits and even a one-time cash grant for expectant mothers, as well as subsidies to small firms (those with fewer than 50 employees) to offset some of the costs of replacing workers on maternity or parental leave.

Nicolas (2008) reports on an evaluation of the French *Prestation d'accueil du jeune enfant* that includes the above-mentioned parental and maternity benefits. It found that, in the first 6 months alone, the 2004 program change increased the number of families eligible for income benefits during parental caregiving leave by 15%. The study also finds that part-time leave is much more common for first-time parents than parents with 2 or more children. The study further estimates that 20% of families chose the part-time leave option during the first 18 months of the program, where the vast majority of the leave taken was by mothers. But perhaps most interestingly, the study suggests that these families represented both women who newly qualified for paid leave benefits and also women who qualified for leave benefits under the former system but who would have had to withdraw fully from the paid labour force. In other words, by offering greater choice, the new and richer leave policy may actually have promoted increased labour force attachment among parents (namely mothers) with the larger parental caregiving burdens.

Evaluating Impacts

CHILD DEVELOPMENT

Child-development outcomes might include physical health outcomes, cognitive and emotional development outcomes or social development outcomes. The most-widely cited studies of the impacts of parental leave on child development are actually studies of the impacts of maternal employment, generally in a US context. As leading authors Gregg and Waldfogel (2005) note, the context is important since the real variable being measured may actually be the quality of care given to the infant (on the basis that parents will be more attentive than other caregivers) than the leave from paid employment. In looking for evidence of differences in child development outcomes, many studies instead face a directionality problem of sorting through the relationship between access to leave (particularly with benefits), family income, parental education and child development outcomes. Families with higher parental education and incomes are likely to have children with better health, social, cognitive and physical outcomes and are at the same time often the families most likely to qualify for family leave. With these qualifiers in mind, this section summarizes the most recent literature on the question of child development outcomes and parental leave.

Seward, Yeatts and Zottarelli (2002) examined outcomes of paternity leave on inputs to child development in the US and Sweden and found that there were trade-offs between greater leave taken by fathers and the duration of breastfeeding by the mother. It is not clear, however, that mothers stopped breastfeeding earlier out of necessity or preference. In fact the study found such low rates of leave-taking by fathers in both countries that it would be difficult statistically to ascribe any impact on child development to paternity leave policy changes.

Lero (2003) reviewed the literature on the decision to return to paid employment following the birth of a child and its attendant implications for child development. She concluded that family decisions regarding the duration of leave were too complex to ascribe impact to any given policy instrument. Given this, and if longer leave periods are associated with better child outcomes, then policies to support longer leaves can only loosely be named among contributing factors. Lero's review also highlights the importance of understanding the quality of the mother-child relationship in understanding the real impacts of maternal leaves of absence from the workforce. In fact, she notes that much of the US research in the 1990's found that earlier maternal employment following childbirth was actually beneficial for children in low-income or single-parent families but negatively associated with outcomes for children in better educated families. The unverified explanation for this finding, says Lero, is that better educated mothers provided care that was as good or better than the non-maternal care provided to children of less-educated mothers in formal or semi-formal childcare settings. Lero concludes that the duration of leave may be much less important in child outcomes than the individual characteristics of the family, the family's access to resources and support, the workplace characteristics and the interactions between these exogenous factors.

Tanaka (2005) by contrast, used country-level data on child health and parental leave over the 1970's to 2000 to look for a statistically significant association between the two. In a widely cited study, she finds that access to paid leave is associated with lower incidence of low-birth weight and lower rates of infant mortality across 18 OECD countries.

Gregg and Waldfogel (2005) point out that studies such as Tanaka's don't account for the fact that some parents will return to work earlier than their maximum available leave. Comparing aggregate-level policies and outcomes may be less helpful than trying to understand a more nuanced picture of the timing and duration of the leave. Their own review of the literature suggests that in general, long parental leave is associated with improved child health. They also find that the timing of the leave matters such that a maternal return to work within 12 weeks of the birth is associated with negative effects on measures of infant health and with subsequent negative outcomes in childhood behaviour but no effect on a child's cognitive development. They suggest again that the quality of care is the intervening factor: mothers are more likely to ensure infants receive immunizations and attend post-natal medical appointments than are even very good paid or family caregivers; to the degree that children are primarily attached to their mothers, the subsequent behaviour issues may reflect difficulties or disruptions in the attachment relationship but non-maternal care may be just as capable of offering the kind of interactions necessary to promote positive outcomes in child cognition and learning. The level of maternal employment also appears to be an important consideration. Overall the authors find that full-time employment within a child's first year is associated with negative outcomes on cognitive development but that part-time employment within a child's first 18 months shows no similar impact. In a follow-up article, Waldfogel (2007) states that longer leaves are associated with better child health, better maternal physical and emotional health (with benefits in turn for the dependent infant), increases in parental behaviours that promote infant health such as breastfeeding and immunization and (citing Tanaka, above) better gross outcomes in birth weight and mortality. However, it is important to look for a range of child development outcomes including social, physical, cognitive and emotional and available data largely do not permit such broad scope or the necessary attention to the quality of infant care, independent of by whom it is provided.

Baker and Milligan (2006) try to fill some of this gap by using data from the National Longitudinal Study of Children and Youth and the Canadian Community Health Survey to look at pre and post-policy change effects of extending the EI parental leave benefits (creating a natural quasi-experiment). The study looked only at two-parent families outside of Quebec, to minimize variation across the sample. Their analysis considered the amount of time the mother reported being at home, the amount of infant care provided by mothers versus other caregivers, duration of breastfeeding and indicators of child development and parenting quality. They find that the policy change did have a substantial effect on the amount of time out of paid employment among mothers and a somewhat lesser effect on when infants met developmental milestones for feeding and speaking. Their study found no measureable association between access to longer paid leave and the other measures of child development (motor and social development) or on breastfeeding. In a follow-up study, Milligan (2008) confirmed the finding of an increase on maternal time out of the labour force and some increases in the time spent in infant care, but found few if any measurable impacts on child development.

In a similar study of pre- and post-policy change in Sweden, Liu and Skans (2009) look at the longer term impacts of parental leave on children's cognitive development at age 16. They find no effect on school performance overall but some positive effects for children of well-educated mothers. Outside of child development directly, the study also considered impacts on family dissolution, maternal mental health and maternal earnings – all factors that might be considered to indirectly influence child development – however they found none that were statistically significant. Notably they find a negative, but statistically insignificant, relationship between access to the longer leave and later outcomes for children of less educated parents. Given that public daycare is so widely available in Sweden, the authors suggested that the differential impacts by maternal education may be the main outcome of the policy change and that daycare may provide a level of stimulation and human capital development comparable to what less educated mothers can offer but far less than what better educated mothers can offer their infants.

By contrast, Bernal (2008) used longitudinal data of US children in a model that proposes that mothers may differ in their preferences regarding the duration of their leave and, recognizing that infants are not uniform in their innate cognitive abilities, may make decisions about their return to work depending on their own infant's apparent abilities. In other words, mothers who view their children as having higher needs may postpone their return to work to spend more time with their child. Within that model, they find that the average effect of maternal employment with non-maternal care during a child's first 5 years is sizeable and negative at a 1.8% decrease in test scores during school years with the effect size much larger for children with higher innate abilities. However, it is unclear how the study measured infants' cognitive abilities outside of maternal perception and no controls were made for the nature or quality of the non-maternal care.

As Lero and Waldfogel each note, much more research is needed to understand how and why publicly-subsidized time with a parental caregiver in infancy might promote better child outcomes. There are multiple gaps in the research. Among these: What do parents do when on leave with their child and what among these activities promotes good outcomes? What role can community supports play in supporting work-family balance and better outcomes for children in a range of child care settings? How can we control for the quality of non-parental care provided to the child? How can we begin to examine the role of fathers in the equation given that rates and duration of paternal leave-taking are so low compared to mothers even in Nordic countries? How persistent are the differences in outcomes over time or across areas of child development? How should we understand the interaction effects between eligibility rules for paid parental leave, access to high quality childcare and parental income and education in the apparent differential effects of children born to mothers with different socio-economic status?

IMPACTS ON PARENTAL OR FAMILY WELL-BEING

The literature review found no robust studies of the impact of parental leave on parental or family well-being. Surveys such as one by Schuster et al (2009) suggest that some parents who take leave may report a subjective feeling of improved emotional health. However, while a quarter (24%) said that taking leave under the US Family and Medical Leave Act had a very good impact on their emotional health and a third (33%) reported a “good” impact, a

sizeable proportion (21%) reported that it had a “bad” effect on their emotional health. The same study also considered the financial impacts of leave to care for a child (and in this case leave was to care for a child under the age of 18 with special needs) and suggested there were considerable signs of financial strain with many (41% -42%) dipping into their savings for medical care or other purposes and the majority (56%) reporting that they had cut back their spending on basic needs during the leave period. The signs of financial strain were somewhat higher among parents who took unpaid leave but were not substantially reduced or eliminated when the leave was paid.

The next proxy for measuring impact on parental or family well-being comes from a slightly larger body of research on gender equity outcomes (Seward, Yeatts and Zottarelli, 2002; Lappegard, 2008; Waldfogel, 2007; Ekberg, Eriksson and Friebel, 2005). The underlying logic behind these inquiries is that work-family conflict widely documented among women in full-time employment might be reduced if two working parents are able to more equitably share the unpaid parental caregiving responsibilities. As such a measure of policy success would be the degree to which fathers take leave and in turn show greater involvement in parental caregiving over the short and longer-term. Some of this research has already been discussed in the sections above regarding implementation of international policy instruments in each of the countries studied. The current section will not repeat the earlier discussion but adds key studies to the review.

Seward, Yeatts and Zottarelli (2002) find that even Swedish fathers with some of the largest leave entitlements tend to use their leave entitlement in short, strategic periods chosen around the mother’s leave-taking or to boost their time off over summer or holiday periods. They also compare fathers’ participation in childcare as measured by the total average hours spent in child-rearing activities and find no difference among fathers who take leave compared to fathers who do not. They do however find that fathers who take leave report feeling more engaged in their children’s upbringing and do show involvement in a wider range of child-rearing activities compared to the fathers who did not take leave. Nevertheless, the authors cite Pleck (1997), noting that “research has yet to identify any child-care task for which fathers have primary responsibility” (Seward et al 2002, p.395).

Some studies suggest that fathers’ attitudes and beliefs about the value and costs of taking leave are extremely important in dissuading many of them from exercising their leave entitlements. Lappegard (2008) finds that men often cite financial strain as reasons for not taking leave, fearing that the loss of their income would be too large a cost for the family, even when the time off is covered by paid benefits that at least partially replace the lost income. In practice though, argues Lappegard, the data in Norway show no negative relationship between paternal income and likelihood of taking leave but does show a positive association with maternal income so that fathers with higher earning partners are more likely to take leave. Similarly a review by the OECD (2007b) suggests that awareness of leave entitlements is very high among European fathers but so too are concerns about financial strain, the impact of taking a leave on their careers and a perceived risk of social isolation. The same OECD review also finds that maternal beliefs and attitudes are important in shaping the final division of unpaid and paid work in a two parent household. They note that where leave can be transferred from the mother to the father (as in New Zealand) very few mothers chose to do so. Taken together, this suggests that couples experience multiple internal and external pressures when making decisions about how to share the burden of

caring for young children and that the current array of policy instruments may not be sufficient to support equal allocations of paid work and social reproduction in the home. Waldfogel (2007) has suggested that true gender equity may require both long paid leave periods for women and also substantial investments in reserved portions of leave for fathers.

Finally, in a similar line of inquiry, Ekberg, Eriksson and Friebe (2005) look at the persistence of any increases on father's engagement in parental caregiving following a policy change to support leave-taking by fathers. They examined two cohorts of fathers in Sweden between 1993 and 2003, a period that included efforts to promote uptake of paid paternal leaves. Using administrative data, they constructed a measure of persistent paternal engagement in child care using the use of temporary income support benefits when taking time off work to care for a sick child. If fathers who take leave are more engaged in the day to day care of their children, reasoned the authors, then they should be more likely to take time off from work years later when the child is sick. They find in fact that while fathers with access to the more recent and longer reserved period of paternity leave do take more time off following the birth of their children, these same fathers are no more likely than fathers who had more limited paternity leave to take time off later on when a child needs care. To have a meaningful and lasting impact on gender roles, suggest the researchers, reserved paternity leaves may have to be substantially longer and more attractive than at present in Sweden, or, families will continue to rely heavily on mothers to perform parental caregiving roles.

LABOUR FORCE OUTCOMES FOR WORKING PARENTS

By far the largest body of research on the impacts of parental leaves has been on the labour force effects, such as changes to wages, labour force participation rates, attachment patterns and labour supply. The fundamental issue is whether too generous a system to support social reproduction might inadvertently create obstacles to female participation in paid production. In other words, too little support for parental caregiving may force families into all or nothing solutions in which women leave the workforce and take on the full risks of unpaid care (pushing mothers out), however too much support for parental caregiving may compete with the incentives to participate in the paid workforce (pulling mothers out). To promote work-family balance and to, at the same time, support good employment outcomes for parents (and particularly mothers), outcomes on which labour markets and families now rely, policy-makers must find the right balance in replacing lost wages during periods of child care. The review of the literature was unable to find a single study that considered the employment impacts of leave on fathers and therefore all results discussed below must be considered to reflect findings for mothers who take leave.

Zhang (2007) reviewed past research on wage penalties for mothers taking leave and finds the literature suggests a penalty of 4-13% for working mothers. He contributes to the literature by analyzing Canadian administrative data from tax returns, records of employment and other sources, comparing differences in maternal employment and earnings over different regimes in maternity and parental leave. He finds a non-linear relationship between the length of leave and maternal employment rates such that, in the short-term, employment participation among mothers is lower when a shorter leave period is available, higher when there is a modest increase and lower again when significant increase in leave. As compared with women without children, he finds that long-term employment rates are lower for

mothers but that the difference fell from 20% in 1984, to 7% in 2003. Zhang's study also finds that mothers who return to paid employment after a period of leave are much less likely to quit their jobs in short and long-term compared to other women. By the same token, mothers have less mobility among employers and are more likely to remain with the same employer 3 years after birth than other women of comparable age. The most significant impact of leave-taking to care for a child appears to be on income. In the year a mother's child is born, her earnings decrease by 33% (this is sharper than for past cohorts and is steadily worsening over time, likely owing to increases in the duration of the leave under EI). But current cohorts of mothers also seem to recover faster and to fare better economically in the long-run — this may reflect increasing rates of post-secondary education and/or effects from delayed childbearing among Canadian women.

Ten Cate (2000) used data from the Survey of Labour and Income Dynamics to again look at the impacts of maternity and parental leave on female employment but this time using variations in provincial leave arrangements as a sort of natural experiment. She finds that the average provincial job protected leave at the time was 35.3 weeks and that mothers took an average of 33.4 or 94.6%. Of these, 77% received EI benefits. She identified three types of leave patterns among women:

- Fast returners: those who return to work within a month of the birth, generally single parents or self-employed workers; approximately 21% in her sample.
- Maximum leave users: those who take as close to the maximum or slightly more than the maximum leave; in her sample 88% of women are back to work before the end of one year and overall nearly 30% of all women take more than the provincial maximum job protected leave.
- Long term leavers: those who take two years or more, generally women who do not return to the same job they held before the leave and, according to ten Cate, also likely to be single parents who did not return to work quickly; in her sample only 5% of women took more than 2 years of leave.

Ten Cate's analysis suggests that policy instruments can play a significant role in shaping the duration of leave as well as job changes following the birth of a child. She finds that EI benefits are associated with a 48% decline in the likelihood of returning to work within a very short time (following the fast return pattern). She also finds that returning to work before the end of the provincial job protected leave is associated with a 7-13% increase in the probability of returning to the same job following the parental leave. While it is reasonable to suppose that EI benefits may have afforded some families a longer leave period and this may have led to better outcomes for the infant, the welfare benefit of the decline in job mobility is less clear. It may be that women who return to the same employer fare better in terms of seniority, advancement and remuneration. However, to the degree that a change in job may reflect a woman's effort to find employment that better suits her new parental caregiving responsibilities (which of course don't end after the parental leave), then changes in mobility need to be more closely examined to see whether the welfare gains of better work-life balance are being met.

In a similar but more recent study, Baker and Milligan (2006) constructed two samples of women (using data from the Labour Force Survey) to compare changes before and after the

extension of parental leave in Canada to 50 weeks. Their model adjusts for broader economic conditions and exogenous changes over time in female labour force participation rates. They find that job-protected leave does increase the likelihood that a woman will take time off from paid employment following the birth of a child and that longer leave entitlements are positively associated with longer leave-taking. The authors find that job continuity increases with guaranteed leave, even when the leave duration increases. When job-protected leave is longer, Baker and Milligan conclude, the increase in job continuity is due to decreases in the number of women who would otherwise leave the workforce altogether or return only to new part-time jobs.

Hanratty and Trzcinski (2008) studied the impact of the extension of parental leave in Canada to 50 weeks. Using data from the National Longitudinal Study of Children and Youth (NLSCY) these authors find that women under the new leave entitlement were less likely to return to work within a year following the birth and that the change was especially notable among women with greater economic security (those in a dual income household, those with higher education and those less dependent on transfer income). They find no evidence of a decline in overall returns to work following a birth nor any impact on relative employment levels.

Phipps (2000) used data from the Labour Force Survey to look at impacts of paid maternity and parental leave at the front end of the leave rather than the return to work. She notes that one assumption behind the “magic-10” rule of the early maternity benefits under UI and also the relatively high insurable hours threshold for maternity and parental benefits under the current system, is that women of child-bearing age will adjust their labour market behaviour so as to qualify for a paid leave when they plan to have a child, creating a kind of moral hazard. Her analysis of employment patterns and leave-taking among women aged 25-40 between 1988 and 1990 shows no evidence of this kind of behavioural effect on either employment or on fertility. As Phipps notes, placing such stringent eligibility restrictions makes less sense given the lack of evidence to support the underlying concern and, furthermore, it is likely unfounded for policy to assume all pregnancies are so well planned or that all women have such choice in the amount they work before having a child.

Outside of Canada, research has also largely looked only at female employment effects of parental leave. In US studies, the effects appear to be somewhat mixed or negative. In European studies, the effects appear to be somewhat more positive.

Looking at U.S. data, Galtry and Callister (2005) suggest that a 6 month leave may be the best balance to both promote the improvements to child and maternal health, without triggering declines in employment outcomes. The economic risks to pregnant and new mothers, they suggest, are multiple – loss of wage income and benefits from employment, loss of power in the relationship with a spouse or partner and loss of power in the relationship with an employer who may view female employees of child-bearing age as less dependable. After evaluating the data on 3 to 12 months of leave, the authors suggest that a leave of 6 months offers the optimal solution for mothers and their children. However it is important to note that this is in a US context where leave entitlements are very weak, almost always unpaid and not widespread.

Also in the US, Hashimoto et al (2004) looked at longitudinal data from the US National Longitudinal Survey of Youth to look at the effects of entitlement to maternity leave on US

women, adjusting for certain controls such as pre-birth wages. They find that in the 3 years after a birth, women who take a maternity leave experience a 20% decline in wages relative to those women who are not eligible for maternity leave. This is an overall effect that declines over time but as much as a 15% gap persists even eight years following a maternity leave. When the authors controlled for the pre-birth wage, the difference in wages shrinks to between 5% and 10% over the first 3 years but is still significant. While the wage results associated with leave-taking are negative, the same study did find that there is a short-lived improvement in job tenure for the first five years after a leave and as compared to women without a leave entitlement, and also that women with maternity leave coverage do in fact work more in the first year after giving birth than those without coverage. It may be that women without leave coverage are more likely to work in low-wage or other forms of precarious employment where their projected employment earnings are not enough to offset the value of their unpaid labour in the household. Again, the US context of lower and unpaid coverage matters.

Pronzato (2007) looked at longitudinal data on women across EU countries, treating variations in the coverage and scope of parental leave as a kind of natural experiment. The study formalizes the above-mentioned idea of the value of earned wages relative to unpaid labour in household welfare by proposing that women have a “reservation wage” – a threshold above which they will work when their earned income is more valuable than the utility of their unpaid parental caregiving to the household. Overall, they find that 25% of European women return to work when their basic maternity leave ends and another 50% return to work by a child’s third birthday (which tends to coincide with the maximum continuous leave in the most generous national systems). Longer leave taking appears to be associated with increased employment participation but at lower wages and less career advancement over the long run. There is a directionality issue in whether the individual preferences and cultural norms of each jurisdiction studied are really independent of the national leave policy. In other words, willingness to work at lower wages and with less career advancement may be due to personal and social expectations of work-family balance strategies for female workers, which may then be reflected in national leave policy-making.

The same study did find that the effects on employment differed by human capital. In countries such as Spain where the paid portion of the leave is quite short relative to the duration of the job protection and access to childcare is lower, women with low or moderate levels of education are particularly vulnerable to giving up work altogether after exhausting their maternity leave. However in countries such as Austria and Finland with long paid leaves, the employment effects by education level virtually disappear. Taken together, Pronzato concludes that institutional characteristics may be more important than individual human capital (which may be a proxy for a range of other individual characteristics and differences) in shaping the decision of whether and when to return to work following the birth of a child.

Gupta, Smith and Verner (2006) look instead at Nordic countries where rates of employment among women are very high and leave entitlements are, in contrast to an American context, very generous and quasi-universal. The authors note that these countries have begun to see declines in the patterns of female employment, including declines in female wages following the birth of a child. Even as policy has aimed to even out gender differences in the employment costs of taking leave, there remain persistent gaps in the

earned incomes of men and women. Increases in formal job protection they argue does improve maternal employment because women are not starting from scratch when they re-enter the workforce. But, they caution, this protective effect declines after an unspecified length of time. The more powerful policy tool for influencing female employment, they argue, may be instead public child care.

Pylkkanen and Smith (2003) asked whether increases in leave entitlement to fathers could offset any negative employment impacts of mothers' leave-taking. Their simulation using data from Denmark and Sweden suggests that increases in paternal leave could increase female labour supply in Sweden but the model failed to show a similar effect for Denmark. The authors attribute the difference in impacts to different levels of access to child care services, again highlighting the impact of interactions with other policy instruments.

IMPACTS ON EMPLOYERS

The current literature review found few if any studies that directly address the question of whether and how maternity, paternity or parental leave-taking by employees (whether paid or not) impacts employers in terms of productivity, costs, profitability, etc. In fact, much more is known about the incidence of paying top-ups to leave benefits or adhering to legislated job protections than is known about the advantages or disadvantages of doing so.

Abbott, De Cieri and Iverson (1998) conducted a study that indirectly provides evidence for one type of advantage to employers of offering a job-protected leave for new mothers they employ. The authors used a case study approach to estimate the total costs to the employer of turnover for one high-performing female employee at a management level in a large business. They conceptualize work-family conflict as a lack of fit between the employee's family responsibilities and the goals of the organization. Exit interviews of female employees in their sample suggest that work-family conflict is the major stated reason for departure among high performing female employees with 2-3 years of tenure in a job when they are having their first child. To the degree that family-friendly human resources practices can reduce this reason for exit, they may lead to important cost savings for the employer. The authors calculated the direct and indirect costs to employers of each exit including staff time of human resources personnel in conducting exit processes and entry processes, training costs, loss of productivity, training costs and others. They conservatively estimate the total cost of each job turnover to be US\$75,000 (in 1998 dollars). It is important to note that access to maternity or parental leave appears to be associated with higher post-leave retention for many women but that this was only one of many family-friendly practices that may reduce turnover.

In addition to inducing women to stay with an employer, paid benefits related to the birth of a child may also have a macro-level effect on the number of women of child-bearing age available in the labour market to hire. Ang (2009) looked at the effect of fertility-related cash incentives on the labour supply of women with young children. Using an econometric approach, the study compared the labour supply of Quebec women 25 to 45 with children under 5 between 1986 (when provincial family allowances were introduced as a refundable credit) and 1991 (when a provincial allowance was introduced for newborn children). The results suggest that cash incentives tied to fertility meaningfully decreases the labour supply

of women with children under 5, the magnitude of the impact increases as a woman has more young children. While the study looked at a different form of cash benefit than paid maternity and parental leave, the results are nonetheless applicable. Ang is also soon to release a study on the effects of paid leave benefits alone using an “intent-to-treat” model in which all women of childbearing age remain in the survey sample, not just those with labour force participation and/or maternity benefits. This approach should significantly reduce the risk of a Type 1 error (in which the results false suggest an association between the variables).

A further way to consider the impacts of parental leave on employers is to look at profitability as measured by changes over time in the price of publicly-traded shares in the sample firms. Arthur and Cook (2004) studied the share prices of 500 companies over a continuous period of 1 year within the period 1971 to 1996 and looked for an association between changes in share price following corporate announcements on family-friendly policies. It is important to note that their definition of such policies included maternity and parental leave, but also included policies on childcare, flexible working time and more. Depending on the degree to which confounding events are controlled for, they find a .16% to .32% increase in share prices following announcements of family-friendly policy. The study also revealed a sizeable advantage to firms that are first or early to adopt such policies.

Heywood, Siebert and Wei (2005) undertook a study that instead viewed family-friendly practices (again including but not limited to maternity and parental leave) as costly to employers but beneficial to employees. Their model predicts that firms will try to reduce their total loss from the family-friendly policies by reducing wages paid to employees to keep overall costs the same. Using a 1998 data set on employer practices in the UK, they built an index of family-friendly practices and then linked employer and employee data to look at the association with average wages paid by the firm. They found that the total index of these practices is associated with a 20% reduction in average paid wages and that in most cases, each separate family-friendly practice is also associated with some degree of decline in average wages. However, this was not the case with both parental leave and childcare, both of which were in fact associated with a modest increase in average wages paid to employees. This suggests, using the authors’ model, that these two specific benefits do not have a net cost to the employer that is high enough to create an incentive to recover the loss from employee wages.

One final study worth noting was done by Perry-Smith and Blum (2000) who again take a bundled approach to looking at family-friendly practices among employers. In this study, they hypothesize that firms with more comprehensive bundles in their family-friendly practices (namely that include a suite of measures for employees) will have higher organizational performance, that this effect will be greater in larger firms compared with small ones, that the effect will be stronger in older firms than new ones and that the effect will be stronger in firms employing larger proportions of female employees. Using data from a national survey of US employees, they clustered the firms according to 4 types of bundles depending on whether they had highly comprehensive family-friendly policies, very small or weak bundles of these policies and also by the degree to which the firms focused on leave and dependent parental caregiving. Their measures of organizational performance included profit-sales growth, market performance and perceived performance relative to competitors, in all cases based on reports from representatives from the firms in the survey panel. Firms

that had some bundle of family-friendly practices performed better on all measures of organizational performance but the differences across the 4 types of bundles was small. The effect was greater for larger firms, but very mixed for older firms and, remarkably, very weak for firms employing a large proportion of women.

IMPACTS ON FERTILITY

The results from the Phipps (2000) study (discussed above) suggest that access to paid leave has no measurable impact on how women plan their work and fertility and there is no evidence that they try to maximize their access to a paid leave – or if they are trying to do so, no evidence that they are succeeding. While she notes that prior research on fertility impacts in Canada of paid leave is mixed, she also argues that given the costs, wide ranging impacts and sheer size of the decision to have a child, the actual pay-out from EI benefits in a maternity leave are simply far too small to offset the total economic, social and personal costs involved in giving birth to and rearing a child. It may be more reasonable, Phipps offers, to ask whether the structure of the benefits might be influencing the timing of birth. When women who reported 0 working hours are both included in the sample and excluded, Phipps finds no evidence of strategic timing of work and births to meet the roughly 20 weeks of full-time work that would be needed to gain or re-gain access to EI maternity and parental benefits.

In qualitative studies, the EI benefits do seem to play a role in the fertility decisions of women. Lund (2003) reports on focus groups with women in Atlantic Canada and finds that participants reported access to paid EI benefits was one among other factors they considered in decisions about when to have children, how many to have or whether to have children at all. This was, according to participants, particularly influential when deciding whether or when to have a second or subsequent-born child.

Summary of Key Findings From the Literature

IMPACTS ON CHILDREN AND THE FAMILY SYSTEM

- Access and uptake of maternity and parental leave seems to be associated with better infant outcomes when measured in the aggregate for things like infant mortality, immunization and certain developmental milestones. That said, the available research doesn't enable analyses that separate out the effects of the leave from the effects of the quality of care received by an infant, whether by a parent or other caregiver. The available research also suggests that the best outcomes are seen among children of better educated mothers again complicating the question about the quality of care versus the duration of parental care.
- When combined with widespread access to child care (both market based and public), maternity and parental leave appears to be beneficial for employment among women. When benefits are very low or absent, women are likely to return to work quickly or to exit the workforce altogether or at least for a longer-term, particularly if they are lower-wage workers.
- There is little evidence regarding the impact of leave policies on family functioning. The best approximation comes from research on gender equity outcomes among two-parent families and infers a positive impact when fathers take leave. However, because rates of leave-taking by fathers are generally very low and seem to be self-limited to very short periods (even when the reserved portion for fathers is very long), any results from this data should be interpreted with some caution for family-level impacts.

DIFFERENTIAL IMPACTS BY FAMILY CHARACTERISTICS

- Families with higher levels of income and education are more likely to take longer leave, or any leave among fathers, when the leave period is associated with a meaningfully high level of benefits to replace the wages lost. This effect is less evident in families with low or modest incomes.
- As presently designed, most leave systems with paid benefits in the countries examined for this study are actually transferring the greatest proportion of the benefit to families with higher incomes. These are also the families who are best placed to finance a leave from paid employment alone or in a co-financed arrangement.

IMPACTS ON EMPLOYERS

- There is no evidence of adjustments to either employment participation or fertility decisions (both overall and in terms of timing) to suggest a moral hazard problem. Qualitative research does show that women consider access to EI benefits among

other factors in making plans about pregnancy, but the economic research finds no measurable evidence of a behavioural effect. It may be that women over-estimate the degree to which access to benefits really does alter their behaviour or it may be that economic analyses conducted have not been able to detect the subjectively reported impact.

- The research on uptake of paternity leave by men and on employer practices suggests that policy may have an important signalling effect on both of these actors. In the absence of proscriptive policy, both fathers and employers exhibit a pattern of relatively rare uptake of leave for parental caregiving. However the survey evidence suggests that certain fathers and employers may have a stronger personal commitment towards parental leave even when there is no institutional influence, often taking or offering leaves that are longer than what is later institutionalized in policy. When policy is introduced, it may boost overall participation or coverage but it may also have the effect of creating a ‘race’ to the policy limit, rather than an incentive to meet or beat the pre-policy best practices.
- The available evidence suggests that, drawing conclusions from studies of broader definitions of family-friendly employer practices, offering parental leave to parents is likely to be neutral for employers at worst and may even be somewhat positive given the high costs of employee turn-over. There may be declines in labour supply among women with young children but it is not clear whether or how this directly or meaningfully impacts individual employers.

Conclusion: Areas for Future Research and Potential Challenges

Although more than 70 sources were collected and used in this study, there remains much to be done to understand the design, implementation and impacts of policies to enable mothers and fathers to take time off from work to care for a new infant.

BETTER INTERNATIONAL COMPARISONS

As a first step, researchers interested in international comparisons need much more timely and comparable ways of documenting national policy instruments and approaches. When comparing information from across existing international synthesis reports (for example the OECD database and previous research commissioned by HRSDC such as the review by Lund 2004b) for this current literature review, it soon became clear that there were several discrepancies in the reported policy descriptions and that many reviews were based on information likely to be out of date. As a result, it became necessary to check facts and engage in a more detailed and time-consuming exercise to gather basic descriptive policy information. Although researchers will most certainly endeavour to accurately report on policy instruments as they are actually in place at the time of their research, without attention to policy changes over time (or the ability to accurately reconstruct historical policy measures), pre-post research and longitudinal research on policy impact will be difficult to do well. More attention to maintaining accurate and up-to-date information on new developments can also be a source of information for policy-makers looking for innovative ideas worth exploring.

International comparisons on impacts also rely on having comparable data regarding independent and dependent variables such as employment status, labour force participation, etc. The challenge in this regard is not in any way unique to this area of study but does come into play when, for example, differentiating between data that code parents on leave as in the workforce and data that code them as out of the workforce.

UNDERSTANDING POLICY INTERACTIONS

Another very important area for inquiry, key in fact, concerns the interaction of leave policies with other policy instruments. In Canada these would include:

- Access to child care (including publicly subsidized, regulated private and informal): Do leave instruments work differently if childcare choices or options are known and can be held constant? Likewise, does the length of available leave reshape the available childcare choices for families? As an example, the Ontario *Day Nurseries Act* requires a much lower staff to child ratio for regulated care for infants under 18 months of age and as a result, providers generally charge significantly higher fees. The 2007 report of an advisory panel to the Minister of Human Resources and Skills Development (HRSDC, 2007) suggested that

increasing parental leave from 12 months to 18 months may significantly ease demand on regulated care in Canada. This is a reasonable hypothesis, based on assumptions about reservation wages, access to EI benefits and access to regulated care for children aged 18 months and older. But we do not have, as yet, any compelling evidence to this effect.

- EI eligibility rules: A number of authors have commented on the fact that access to EI benefits while on maternity or parental leave is not universal, that benefits may be too low to sustain families (lower in fact than comparable social assistance rates for single mothers with a dependent child⁹) over the full 50 weeks of paid leave and that coverage under EI is declining, particularly for families with lower income and more precarious employment. This area of inquiry was largely outside the scope of the present study so has only been noted where reasonable to illustrate uptake and implementation in contrast to policy description. There are no public studies in the literature on whether adjustments can be made to eligibility rules in EI to significantly improve coverage and benefit levels or whether these would meaningfully impact the number of families benefitting or the duration of paid leave. Even within the EI-using population, it may be worthwhile to look at effects of reducing or eliminating benefit reduction for earned income, treating it as similar to employer-paid top-ups. Several countries in this study (including France and Sweden) do promote a wide range of family decisions on work-family balance and continue to provide a paid benefit when work is reduced but not ceased to increase parental caregiving. In Canada, any income earned during the 15 week EI maternity benefits period triggers a direct dollar for dollar reduction in maternity benefits paid.¹⁰ What impacts would permanently adjusting the clawbacks induce? Could it promote better labour-force and family and infant outcomes?
- Family income benefits: The current study did not document the full range of federal and provincial child benefits paid to families through the Canada Child Tax Benefit and associated provincial measures but they do make up part of the non-wage income of families with young children, and an increasingly important part of the total incomes of low-income families who are least likely to receive the maximum paid leave benefits under EI. Are there substitution effects between these instruments for certain families during the first year after the birth of a child? Or are the policies instead complementary? Can or should adjustments be made to CCTB benefits to address concerns with coverage and adequacy of EI benefits? Many other countries offer pregnant women and families an income-tested or even universal lump sum. What effects do these have on family well-being during leave periods? Should Canada consider following suit?
- Social assistance: The largest sub-group of Canadians dependant on provincial social assistance continue to be single parents, particularly those with young children. Some jurisdictions including BC, Alberta, Ontario and Nova Scotia

⁹ Based on a previous study by the author. Data available upon request.

¹⁰ HRSDC is currently piloting a project to look at the impacts of a small earnings exemption during the maternity benefits period. Details are available from the department.

exempt parents with young children (generally up to school age) from the employment or active measures usually required of other able-bodied welfare recipients. By at least one estimate,¹¹ mothers with one dependent child may receive a higher benefit level from social assistance than average EI benefit amounts, and this is before considering the cash value of drug, dental, housing and other benefits associated with social assistance income eligibility. Using longitudinal administrative data, it may be useful to try to identify where non-EI eligible mothers go and how many of them may be ending up on provincial welfare rolls. This research may eventually identify some avenues for better coordinating federal and provincial income support if there are in fact important numbers of families that slide from one system to the other following a pregnancy.

FILLING THE GAP ON FAMILY-LEVEL IMPACTS

In practice, paid EI leave and the Quebec Parental Insurance Program are family-level interventions in that, while the eligibility is individually accrued, the benefits drawn depend largely on the decisions of the other partner. And yet, there is a real gap in exploring what happens in and to families during parental leave periods. Are they financially strained? Are interpersonal conflicts greater or lesser if work-family conflict is felt to be lessened? Do families in fact experience less work-family conflict during leave?

The NLSCY data set may prove to be a useful source of information to link measures of family functioning with participation in paid and unpaid leave by either or both parents. The hypothesis behind the existing inquiry that family functioning is better when parents more evenly share the parental caregiving burden is a reasonable one, but not well-established in the literature. Furthermore, the low participation rates in leave by men make it difficult to show that a 2-4 week paternity leave has a meaningful and lasting effect on a family. It is also impossible in the present research to differentiate between couples with more egalitarian values who take leave and those who do not to determine whether any improvement in family functioning is related to the leave-taking or to the pre-existing egalitarian approach. It's also very possible that families who have more traditional orientations and practices in the division of labour fare just as well.

Just as much of the research on infant outcomes suggests that the quality of care received by the infant may be as or more important than the quantity of parental care, the quality of care is likely to both reflect and affect family-level dynamics. As noted earlier in this report, it is important to understand what it is that parents do while on leave to understand whether and how it benefits their children, but also how it impacts the caregiving parent, the intra-parental relationship and the overall family system.

¹¹ Based on an unpublished study completed by the author. Data available upon request.

LOOKING AT PERSISTENCE OF IMPACTS NOT JUST INCIDENCE

The more methodologically sound studies reviewed for this report made efforts to see whether an effect observed and attributed to a policy intervention could be observed again later on, either directly or using a proxy measure. Without efforts to look at the longer-term, it is possible to conclude, for example, that increases in the short-term leave-taking among fathers signals a change in the long-run demand for parental leave. It may or it may not. Similarly, without longitudinal studies, the short-term evidence of impacts on child development invites arguments about the long term impacts as kids enter early and middle childhood or beyond. Many of the employment effects on women who take leave seem to disappear after a period of time (such as declines in income) while others tend to persist (such as continuity of employment with the same employer). By differentiating between effects that last and effects that don't, it will be more possible to orient policy towards either the pernicious negative that are short-lived but can fundamentally change life chances or the positive benefits that are most long-lived.

FEASIBILITY OF INNOVATIVE APPROACHES

A final avenue for policy-relevant research would be to select promising and innovative policy options from international practice where these seem to have some positive effects on their target population and to then examine whether and how these might be made to work in a Canadian context. As an initial example, the approach to permit or even encourage part-time work through paid wage subsidies or part-time parental leave benefits is intriguing for its potential to sustain positive labour market and family outcomes. But the existing EI system and provincial legislation may not easily accommodate such an adaptation to the current rules and regulations. At what rate part-time benefits should be paid is also a question worth considering. Do they have to be at the pro-rated amount of full-time benefits or do families draw enough additional welfare from wage income (for example if employer-paid benefits and pension contributions are maintained) that individuals will accept lower wage replacement rates in exchange for greater flexibility? Similarly the Swedish example of a capped allotment of leave time within a very long sunset period may be one model worth exploring. It in effect transforms an income-insurance program into an individually-held bank of time that can be drawn down as and how it is needed. The Swedish system allows for individual days or even parts of days to be taken at a time and the current administrative systems in EI are unlikely to facilitate such a fine level of difference in calculating and paying benefits that start and stop. That said, there may be other instruments or systems in Canada that could be adapted to the purpose, such as existing wage subsidies paid to employers under EI part II or other mechanisms.

To date, the research in Canada has looked mostly at the important but narrower question of take-up and pay-outs in the EI system. Better information on impacts will offer a more fulsome picture of the program's effectiveness and efficiency. Better information on interaction effects is key. But if the aim is ultimately to support improved policy decision-making, the research should look beyond diagnostics into evaluation of policy options and ideas.

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Appendix 1