The Welfare State and Gender Equality:

Work-Family Reconciliation Policies in Southern Europe

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Abstract:

The 20th century witnessed two major transformations: the development of the welfare state and the gender revolution. One dominant feature of this process was the rise in women’s participation in paid work while simultaneously remaining responsible for the family’s well-being. The gendered division of labor is thus one crucial obstacle to gender equality which the welfare states have been targeting through reconciliation policies, mediators of the work and family spheres. Informed by mainstream welfare policies research and feminist approaches, this paper undertakes a comparative analysis of reconciliation policies and how they regulate both the participation in paid work and caring responsibilities in South European countries. These countries have been experiencing a severe and prolonged economic crisis since the late 2000s. Signs of economic recovery remain weak and austerity measures continue to dominate in the region. The paper firstly focuses on the development of three core policy instruments - parental leaves, childcare services and taxation – in each of the four countries until the early 2000’s moves on to considering the impact of the financial crisis on such policies and concludes with the challenges these four countries face in the post-crisis period regarding the balance between work and care.

1. Introduction

The 20th century has witnessed major transformations in western societies: since the late 70’s significant changes in the form and structure of families, labor markets and welfare states have taken place. Simultaneously, the gender revolution cut across all these transformations. Indeed, the evolution of the position of women both in the public and in the private sphere has posed an additional challenge to welfare state institutions that were already experiencing a period of restructuring. Alongside a greater fluidity in family forms, the contributions that men and women made to the family also changed very significantly hence contradicting the broad assumption underlying all welfare models that men specialized in paid work whereas women specialized in unpaid care work. However, the significant progress in female employment during the latter part of the twentieth century starkly contrasts with the persistence of deep inequalities in the division of household labor. In fact, the rise in women’s employment while remaining the primary responsible for the family’s well-being led to a «care gap», bringing to the fore the issue of the gendered division of paid and unpaid work.

This interrelated set of changes has created new social risks and imposed a new agenda to welfare states which were urged to recognize and extend women’s social rights as individuals, independently from the male breadwinner. In particular, work-family balance (WFB) has in the last decades become a buzzword in the European political discourse, with nation-states addressing growing imbalances through distinct policy
instruments which have mainly focused employment issues. While recent research has focused on work-life balance, a broader concept which includes leisure and free time, WFB only engages men and women with caring responsibilities and thus one specific aspect of life outside paid employment – family life and the associated caring responsibilities. In this paper, specifically, only care towards children is addressed.

The relationship between work and family systems has been intensively studied and several different models have been put forward which address women’s and men’s roles in these two interdependent social spheres – the labor market and family. While all the three elements of the work-family balance concept are subject to considerable debate, it is the definition of work that has been at the center of gender debates as it traditionally conflates with paid employment and leaves aside many other forms of unpaid labor, namely caring activities. The recognition of care as work has become especially significant in welfare state research, as it questions the criteria around which social rights are granted and at the same deems the dichotomy paid employment/unpaid domestic labor as an oversimplification.

In this paper, strategies for reconciling work and family responsibilities - and the gendered variation it entails - are conceptualized within a capabilities-based approach (CA), building on recent work which applies Sen’s approach to the WFB framework. The CA is thus incorporated as an alternative perspective which captures the insights from both the theories that emphasize individual choice and structural constraint in work-family arrangements and which, through the concept of situated agency, attempts to understand the extent to which genuine choice is available. Following Sen’s conceptualization of capabilities as context-specific, Hobson and Fåhlen develop a model of analysis underpinned by one main principle, that caring and labor market participation are equally valuable functionings. In this sense, instead of presuming that there is an

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1 Some authors have argued against the instrumentalization of reconciliation policies, as Stratigaki, «The Cooptation of Gender Concepts in EU Policies» and also Lewis, Work-Family Balance, Gender and Policy.
2 Guest, «Perspectives on the Study of Work-Life Balance».
3 See Glucksman, «Why ‘Work’?», for a more inclusive concept of labor.
4 Hobson e Fahlén, Applying Sens Capabilities Framework to Work Family Balance within a European Context.
7 The two core concepts of the CA are functionings and capabilities. Although closely related, their distinction is crucial: «A functioning is an achievement, whereas a capability is the ability to achieve. Functionings are, in a sense, more directly related to living conditions. Capabilities, in contrast, are notions of freedom, in the positive sense: what real opportunities you have regarding the life you may lead.», Sen, Muellbauer, e Hawthorn, The Standard of Living, 36.
ideal division of work and care that would suit all working parents\textsuperscript{8}, a capability-based model aims at identifying WFB alternatives. In that sense, if the aim is equality of freedom to achieve the same capabilities set, then conditions should be promoted that foster the sharing of care work both between the household and the market but above all between women and men in the household. This is particularly interesting from a policy perspective as it allows for the assessment of policy as the extent to which it enables genuine choice. As a consequence, although human agency is at the center of the CA, institutions and policies play a central role in shaping a person’s life options\textsuperscript{9}. In sum, analyzing reconciliation policies in the perspective of capabilities means focusing on two main criteria: whether they enable care work both in formal settings and in home, rewarding it accordingly, and whether they enable paid work, ensuring the access of women to quality jobs.

Methodologically, the paper adopts a comparative approach at two levels: time and space. The selected timeframe directly addresses the economic recession context that Europe has been experiencing since 2007/8, which actually encompasses «two distinct crises»: the financial sector crisis, which started in 2008 and the resulting sovereign debt crisis which followed in 2010 and affected the South European countries the most. The cross-country analysis aims at scrutinizing commonalities and differences in reconciliation policies between the SE countries and even inconsistencies within each case, which might contribute to country-specific patterns of gender inequalities in WFB. The empirical analysis will be performed using quantitative and qualitative data from international surveys and country-specific policy reports and other secondary literature.

The paper begins by presenting the Southern European institutional context and then moves to the analysis of the reconciliation policies in the four countries. The policies under scrutiny are parental leave, childcare and tax/benefit policies. Finally, it discusses some of the main findings regarding the patterns of policy evolution in the four countries throughout the context of the economic crisis.

2. Institutional Context – setting the scene

The most common way to compare welfare states is to build typologies thus providing a comparative lens and placing single cases into a comparative perspective. Esping-Andersen’s outline of conservative, liberal

\textsuperscript{8} For a discussion of the different perspectives on the division of paid and unpaid work and gender equality, see Orloff, «From Maternalism to Employment for All: State Policies to Promote Women’s Employment across the Affluent Democracies».

and social-democratic welfare regimes is certainly the most influential classification of welfare regimes and has long provided valuable points for discussion. However, his categorization of Southern European countries as underdeveloped continental regimes has suffered numerous criticisms in the sense that this classification disregards the countries’ particular historical development which is reflected on an essentially different approach to welfare provision. The Southern European model of welfare has established itself, during the last two decades, as an autonomous category of welfare state where several similarities can be observed. The fact that its development occurred only in the late seventies - one generation after the expansion period of welfare states in North-West Europe – deeply inhibited its expansionary movement, as SE countries – as the rest of Europe - faced serious financial constraints that would become even stricter when they joined the European Monetary Union. The hybrid nature of SE welfare arrangements thus combines social-democratic elements, as the establishment of national healthcare systems, with a social transfer system strongly biased towards pensions, organized along Bismarckian lines. The social protection model is more fragmented than in other more developed welfare regimes, leaving large segments of the population poorly protected and the filling of this gap is expected to be performed by the family. In fact, "Familialistic interpenetration is to be regarded as the crucial element characterizing welfare arrangements and outcomes in Southern Europe". This means that the family plays a central role in providing for the well-being of its members, being this responsibility mainly - if not always - attributed to women. The provision of unpaid domestic and care services by women for the last decades have been described as both the cause and the consequence of the insufficient policies developed by the SE welfare states. According to some categorizations of reconciliation policies, both Portugal and Spain belong to a family-based policy model, whereby caring work is mainly provided by the family with limited or no support from the state. In the cases where mothers are involved in full-time employment, as in Portugal, informal arrangements - neighbors or extended family - are made in order to combine work and family life.

In general, recent works account for a transition toward a new gender order in Southern Europe, characterized by the weakening of men’s role as breadwinners and the improvement of women’s educational level as well as of their labor market attachment alongside patterns of gradual individualization of social

10 Ferrera, «The “Southern Model” of Welfare in Social Europe».
11 Petmesidou e Guillén, «Can the Welfare State as We Know It Survive?».
13 Private for profit and non-profit organizations, namely of religious nature, have traditionally played a crucial role in the provision of welfare in SE.
15 Lohkamp-Himmighofen e Dienel, «Reconciliation Policies from a Comparative Perspective».
As Charts 1 and 2 show, gender gaps both in paid and unpaid work have significantly decreased in SE\textsuperscript{17}. While in the field of employment only Portugal rates below EU-average – due to traditionally high female employment levels -, in the household all the four countries present a more balanced division of domestic and care tasks than the EU-average, pointing to an actual departure from the traditional gender roles. As a result, the family becomes less capable of acting as a “shock absorber” and the main provider of care and thus the ability of the state to guarantee these social services becomes increasingly decisive.

Chart 1: Gender gap in employment rates, 2003-2012

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2012</th>
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<tr>
<td>EU 27</td>
<td>15.3</td>
<td>11.2</td>
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<tr>
<td>Greece</td>
<td>29</td>
<td>22</td>
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<tr>
<td>Spain</td>
<td>27.1</td>
<td>18.7</td>
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<tr>
<td>Italy</td>
<td>26.7</td>
<td>19.4</td>
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<td>Portugal</td>
<td>13.5</td>
<td>5.8</td>
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Source: Eurostat / Labor Force Survey

Chart 2: Gender gap in unpaid work, in hours per week, 2007-2012

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<tr>
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<th>2007</th>
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<td>Greece</td>
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<td>Spain</td>
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<td>Portugal</td>
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<td>Italy</td>
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Source: Eurofound, EQLS

Notwithstanding considerable differences among the four countries\textsuperscript{18}, from the early nineties to the early 2000’s the “recalibration logic” guided social policy reforms under the influence of the EU, gearing it towards activation and service provision\textsuperscript{19}. In the domain of WFB, specifically, there has been considerable expansion of parental leave programs and childcare services provision, as will be discussed in the next section. These changes have however been undermined by the austerity measures that accompanied the 2008 economic crisis, with some authors\textsuperscript{20} alerting to the dangers of a return to a model of familialism by default\textsuperscript{21}.

\textsuperscript{16} González López, Jurado, e Naldini, \textit{Gender Inequalities in Southern Europe}.

\textsuperscript{17} Despite de decrease of gender gaps during the crisis has been influenced by a sharp fall in male employment, female employment had been rising steadily before the beginning of the crisis.

\textsuperscript{18} According to Gauthier, «Family Policies in Industrialized Countries», although macro-level factors have brought some convergence in family policies, national level characteristics have been persistent.

\textsuperscript{19} Petmesidou e Guillén, «Can the Welfare State as We Know It Survive?».

\textsuperscript{20} Leon e Pavolini, «`Social Investment’ or Back to `Familism’».

\textsuperscript{21} Saraceno e Keck, «Towards an Integrated Approach for the Analysis of Gender Equity in Policies Supporting Paid Work and Care Responsibilities».
3. Pathways of Reconciliation Policies in Southern Europe

3.1. Parental Leave Policies

Before examining the distribution of maternity, paternity and parental leaves, it is necessary to briefly define them as there is considerable variation in the distinction of different types of leave between countries. The maternity leave is generally available to mothers only and it is intended to protect the health of the mother and the newborn child. Similarly, the paternity leave is available only to fathers, enabling them to spend more time with his partner and the newborn child. The parental leave is usually available both to mothers and fathers, after the end of maternity leave and it can take the form of either an individual right (each parent has an individual entitlement to a specific amount of leave) or a family right (enables parents to share the period of leave as they choose).

Acting on the nexus of labor market and family, parental leave designs can have a profound impact on WFB, as they help parents to return to their workplace after the period of job-protected leave and they allow both parents (in dual-earner families), to stay at home to care for their young children. The impact of leave policies is nevertheless ambiguous. Concerning leave entitlements available to mothers, prolonged paid arrangements are likely to lead to a weaker labor market attachment and, therefore, have a negative effect on female employment. In fact, the ambiguous influence of leave mandates suggests that weeks of leave have a positive effect on female labor supply up to a limit above which the marginal effect of further leave extension becomes negative. In relation to fathers, some policy options should be pursued to encourage them to spend more time with their children as, for instance, individual entitlements, with long duration and high payment rates.

There is substantial variation across EU countries in terms of parental leave duration, coverage, flexibility in use and even source of financing, being the responsibility of the member countries to define whether and how much of the parental leave is to be paid. Nevertheless, there is a common EU framework concerning this reconciliation instrument: the maternity leave directive (Council Directive 92/85/CEE) establishes the minimum of 14 weeks of paid statutory maternity leave for all female workers while the 1996 Parental Leave directive (Council Directive 96/34/EC of 3) requires the member states to have statutory provisions guaranteeing parental leave of at least three months per parent.

This section compares the leave policy developments in Southern Europe since the late seventies (transitions to democracy, except for Italy – 1948), highlighting the major turning points and the impact of

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the economic crisis. It will use internationally comparable data from the OECD Family Database as well as detailed information from the «International review of leave policies and related research»\textsuperscript{23}.

**Maternity leave**

Chart 3 reports the evolution of maternity leave entitlements in the four countries from the late seventies to 2013. During the last four decades, there has been a steady increase in leave benefits for working mothers both in terms of time and money. As of 2013, all countries have fully paid maternity leaves that range from 15 to 20 weeks, as in the majority of the OECD countries. Nonetheless, the figures must be carefully analyzed both regarding the income replacement rate and the amount of post-natal leave available.

In the case of Italy, although there is a 20-week maternity leave entitlement, it encompasses a 4-week mandatory pre-natal period, which reduces the benefit to 16 post-natal weeks, paid at 80% of the mother’s previous earnings. Likewise, Greek mothers are required to stop working two months before the birth of the child which implies that they can only take a 9-week post-natal leave. Regarding the income replacement, while in Greece and in Portugal maternity leaves have been paid at a 100% rate since the seventies, in Spain this reform only took place in 1994.

According to the data presented, maternity entitlements seem to have remained rather stable since the early 2000’s, except for the Portuguese case, where, in 2009, the length of the maternity leave falls to 6,4 weeks. However, this does not represent a cut back in entitlements but rather a reform of the leave system which now reserves 6 mandatory fully paid 6 weeks of leave for the mother – initial parental leave -, followed by either 11 fully paid weeks or 15 weeks paid at 80% of previous earnings. This second part of the entitlement falls under the category of parental leave, as it can be used by either the mother or the father, promoting the sharing of the leave between the parents. This trend towards greater flexibility but also extension of maternity leave benefits is also evident in the case of Greece which approved in 2008 a six-month special maternity leave period, transferable to the father, paid at the minimum wage which also compensates for the relatively short post-natal maternity leave.

\textsuperscript{23} Moss et al., *International Review of Leave Policies and Related Research 2008.*
Parental leave

Parental leave entitlements have been often introduced as supplementary rights for mothers only and later extended to fathers in most countries. Despite the trend for more options in the use of leave arrangements, Greece and Spain offer no paid period of parental leave to either the mother or the father. Greece however – and Spain, to a smaller degree - does allow for the transformation of nursing reduced work hours in a 3.75-month fully paid leave period which has, in 2014, become a family entitlement. In contrast, Italian families have been entitled, since the late seventies, to a period of six months paid at 30% of previous earnings. This benefit has been extended to fathers, as an individual entitlement, in 2000, under the condition that the total leave period used by the two parents does not exceed 10 months. Similarly, a partially paid (25%) individual three-month parental leave has been introduced in Portugal. Even though parental leave entitlements had been available since the eighties, individualized in the nineties and later with additional part-time options, it was not until the 2009 reform that they included partial earnings replacement. As Chart 4 reports, taking into consideration the total paid leave available to mothers in Southern Europe, Spanish mothers receive the least generous entitlements.

Source: OECD, *Family Database; Moss et al., 2008.*
As the Charts 3 and 4 report, there is some variation in the generosity and in the duration of leave schemes across the selected countries, however, it is clear that maternity leaves are longer and more generous compared to the period reserved to fathers. Especially since the late nineties, leave policies in the four countries have evolved in the direction of involving fathers more in the care for their young children. This trend is quite clear in Chart 5, which shows that, as of 2013, all working fathers are entitled to between 1 and 20 fully paid days of leave. Contrasting with the very generous maternity leave entitlements, in Greece fathers are entitled to only two working days of paternity leave while in Italy this period is reduced to one mandatory day only. However, Italian parents are entitled to a paid period of parental leave, at 30% of previous earnings and, as a bonus, if the father uses at least 3 months of parental leave he is entitled to an extra month. Both in Portugal and in Spain fathers can make use of about 3 fully paid weeks of leave. Additionally, since 2009, Portuguese fathers can use 4,5 weeks of leave paid at 83% of previous earnings and 13,5 weeks of additional parental leave paid at 25%. The level of income replacement is especially important in this case given that fathers often have higher wages than their female partners and therefore the loss of income is smallest when it is the mother who takes leave. Indeed, the higher the replacement rates of father’s earnings, the higher the probability that they will, in fact, use the leave entitlements. In this sense,
leave policies in the Iberian countries are the ones which are more likely to promote the sharing of care responsibilities between parents.

Chart 5: Paternity and parental leave reserved to fathers (paid), in weeks

As already mentioned, parental leave design is a very complex task but it is still one of the few policy tools that governments can use to directly influence behavior among parents and promote a more gender-equitable division of paid and unpaid work. In Southern Europe there have been important improvements in leave policies during the last two decades, moving towards a model of greater state provision and providing working parents more options to combine professional and family responsibilities. Despite having been particularly affected by the recent economic crisis there has been no significant cut back in leave entitlements at the national level, while many regional and local benefits – more prevalent in Spain and Italy – have been reduced. This stability of leave policies, supported by EU legislation, is due to demographic reasons – decrease in births – but also to the reduction of the eligible population as a result of higher unemployment levels.

A common trait in the four countries appears to be the adoption of short well-paid leaves followed by extensions of leave which are unpaid or paid a very low replacement rate. As long periods of low-paid leaves are not affordable to most families, this directly impacts on the take-up rates, placing Southern European...
countries within the «extensible early return to work» model of leave policies. Despite the fact that in Southern Europe the maternity leaves are clearly longer and more generous than the ones reserved for fathers, they aren’t as high as in some «mother-centered» countries - as Germany or Austria - which clearly disincentive a rapid reintegration of the mothers in the labor market.

There are, however, important differences among the four leave systems. Portugal and Spain are relatively better placed with respect to the gender-equality dimension of policies, as the longer, fully paid paternity leaves enable a more equitable sharing of care work. Portugal further allows fathers to choose to stay at home for an extra period at a high earnings replacement rate. On this dimension, Italy and Greece can be considered the least gender-egalitarian of the four with no significant paid leave reserved for fathers. The Iberian countries differ nonetheless regarding the part-time options which are broader in Spain. This aspect is also not surprising as Portugal made an early transition to the dual-earner family model and thus the leave policies mirror this pattern of work-family arrangements, while Spain is still consolidating this transition.

As section 3 showed, in a context of increasing prevalence of full-time dual-earner families, it is not enough to consider the features of leave policies but also their articulation with childcare services both regarding their availability and their affordability.

3.2. Childcare services

Unlike parental leaves, affordable and accessible childcare services tend to have an unambiguously positive influence on the possibilities for WFB, by making it easier for parents to participate in employment while reducing the hours of care work. The provision of formal childcare also tends to impact positively in gender equality both in the labor market and in the home because in its absence it is mothers, and not fathers, who become detached from the labor market. Moreover, the financial cost of childcare is an especially important indicator, as women from lower income families will be more likely to abandon their jobs when facing higher childcare costs or, in turn, resort to informal childcare. In other words, access to publicly funded childcare is found to have a positive effect on mothers’ propensity to work. According to

24 Escobedo e Wall, «Leave policies in Southern Europe».
25 Formal childcare arrangements include: Education at pre-school or equivalent; Education at compulsory education; Child care at center-based services outside school hours; Child care at day-care center organized/controlled by a by public or private structure. The data from EU_SILC/EUROSTAT does not include care by professional childminders. (Eurostat, 2013, «Childcare arrangements metadata»)
26 Gornick e Meyers, Families That Work, 197.
Leira, the public provision of childcare services «highlight a dominant shifting in parenthood thinking, namely the translation of parental responsibility for children’s care into social rights of mothers and fathers».

At the EU level, the importance of childcare services provision as an instrument of work and family reconciliation is also recognized. In 1992 the European Council recommended initiatives «to enable women and men to reconcile their occupational, family and upbringing responsibilities arising from the care of children» (Recommendation 92/241/EEC of 31 March 1992 on ‘Childcare’). Furthermore, the Barcelona Council in 2002 set explicit targets for the provision of childcare places to reach 90% of children between age 3 and mandatory school age and 33% of children under the age of 3 by 2010 in order to remove barriers to women’s participation and achieve full employment. These targets were later restated in the 2008-2010 employment policy guidelines (Council Decision 2008/618/EC). This section compares childcare arrangements in Southern Europe, using comparative data from the EU-SILC, available since 2005. Additional information on the affordability of childcare services will also be considered.

As Charts 6 and 7 show, cross-national variation in enrolment rates of children aged under three is much larger than for pre-school children. As of 2013, only Spain and Portugal had achieved the Barcelona target for the youngest children (33%) with the other two Southern European countries lagging well behind, especially Greece (14%). While the enrollment of Spanish children has slightly decreased from 39% to 35% since 2011, the use of these services has been steadily growing in Portugal, reaching 38% in 2013. In both countries there was an increase in public investment in new childcare facilities between 2006 and 2011, which has been suppressed by recent governments due to austerity measures. Even though it is well under the Barcelona target, the use of formal childcare has doubled in Greece since 2005, reflecting the growing investment of governments in improving the provision of early childhood care services. However, due to austerity measures, the provision of these subsidized services has clearly dropped since 2011. In the case of Italy, the use of childcare by the youngest increased until the start of the economic crisis reaching 28% in 2008, while by 2013 it had declined to 21%. Besides some developments in the early 2000’s concerning the funding of the sector, local and regional initiatives have developed new strategies and partnerships to increase the provision of childcare services. However, the lack of coordination between the state and the regional level as well as more limited financial resources have led to a decrease in the enrolment rates of

29 Since 2011 it has been supported by EU structural funds in the context of the program «Reconciliation of Family and Professional Life», which provides free childcare services to families with a very low income.
30 Ziomas et al., «ESPN thematic report on Social Investment - Greece». 
Italian children in formal childcare\textsuperscript{31,32}. It is important to highlight that the data presented encompass both part-time and full-time use of facilities and, in this aspect, the Iberian countries differ considerably. While in Portugal 36\% out of the 38\% of children using formal childcare do it on a full-time basis, in Spain approximately half the children enrolled attend these facilities only part-time, as in Italy and Greece.

The low participation rates of very young children in formal childcare should be a matter of concern insofar as Southern European countries offer relatively short well-paid parental leaves, leading parents to resort to informal care arrangements or, in the absence of such, to abandon paid work. The articulation between leave policy and early childhood education and care (ECEC) entitlements is indeed crucial for WFB possibilities and the gap between the two should be inexistent or as narrow as possible.\textsuperscript{33}

Chart 6: Use of formal childcare services - children under 3

![Chart 6](chart6.png)

Source: Eurostat / EU-SILC

As regards the target for children between the age of 3 and mandatory school age, as in Chart 7, both Italy and Spain met the Barcelona target, having at least 90\% of children in this age group using formal childcare services. The fact that in both countries there had been fully universal pre-school services since 1968, in the case of Italy, and 1990, in the case of Spain, greatly contributed to an enrolment rate close to 100\%. In contrast, Portugal and Greece featured a participation rate of 85\% and 69\%, respectively, both failing the

\textsuperscript{31} Jessoula, Pavolini, e Strati, «ESPN thematic report on Social Investment - Italy».

\textsuperscript{32} Leon e Pavolini, «Social Investment’ or Back to ‘Familism’».

\textsuperscript{33} For cross-country information on the relationship between leave and ECEC entitlements, see http://www.leavenetwork.org/lp_and_r_reports/cross_country/
Barcelona target. The situation in the two countries is nevertheless not similar, with enrolment rates in Portugal sharply rising since the early 2000’s, supported by the universalization of pre-school education in 2009. Despite the overall positive evolution registered in the four countries since 2005, there has been a decrease in enrolment rates in more recent years that may be attributed to funding cuts leading to the closure of schools or to higher unemployment levels that facilitate informal or parental care arrangements.

Even though the Barcelona targets focus primarily the formal types of childcare, there is no doubt that informal types of childcare, being by childminders or friends and relatives, still play a crucial role in many countries, especially in Southern Europe. It should be taken into account however, that this category can overlap with the results of formal care because parents might use a combination of both types of care to cover a full working day. Charts 8 to 11 represent the share of young children (by age group) that are being cared for informally, only by their parents or in formal facilities, and show some variation the four countries.

As Charts 8 and 9 indicate, in all countries informal or parental care of very young children are predominant. While in Italy and Spain the reduction in formal childcare has been compensated by an increase in informal and parental care, respectively, Greece and Portugal feature an increase in formal care due to the decline of parental care, in the first case, and of informal care in the latter.
Charts 8 and 9: Childcare arrangements in 2005 and 2013, for children under 3 years of age

Source: Eurostat / EU-SILC

Regarding the older age group (Charts 10 and 11), informal and parental care occurs more rarely, especially in Spain. However, it is important to highlight that in contrast with Greece and Portugal, formal care has dropped slightly in Italy and Spain between 2005 and 2013. Italian families seem to be resorting increasingly to informal childcare arrangements while in Spain parental care of pre-school children has increased slightly.

Charts 10 and 11: Childcare arrangements in 2005 and 2013, for pre-school children

Source: Eurostat / EU-SILC

Still, these figures do not allow us to understand whether parents use informal arrangements because they prefer them or because formal childcare isn’t available or affordable. In this sense, apart from policy issues, the role of cultural norms cannot be ignored and in most countries attitudes vary according to the age of the
child (childcare services are seen as more suitable for older children). In fact, the demand for childcare services is influenced by a series of factors and cannot be inferred merely by the high or low usage of these facilities. The participation rate of parents (especially mothers), the level of unemployment, the length of parental leave, school opening hours and the availability of informal arrangements must be also taken into account. According to Plantenga, in Southern Europe the availability of places in formal childcare, although improving in the last decade, is still not enough to cover demand, especially for the youngest children (0-2 years old), with the exception from Greece, where there is a limited demand for these services. While in Portugal the main obstacle to the expansion of childcare seems to be financial containment, in Italy traditional cultural norms play a more relevant role as well as the prevalence of financial transfers over the provision of care services.

The affordability of formal childcare is particularly important for low-income families, helping parents (especially mothers) to participate in paid work. According to EU-LFS data, in 2010, the main reason reported by Southern European mothers for not working or working part-time was the high charges of childcare services, with the result that it did not make economic sense to be employed. In this sense, children from low-income families are less likely to participate in formal childcare arrangements than their better-off peers. The price of childcare services may, in fact, constrain the WFB options of working parents by limiting their accessibility.

In Southern Europe, notwithstanding regional variations, the costs of childcare services in public institutions are generally income-related or subsidized for very low-income families only. However, the maximum fees are close to what is charged by private childcare facilities, which is, in general, considered very expensive. The charges are indeed considerably higher in private institutions, as they usually do not receive any public funds. However, direct public subsidization is not the only instrument countries have regarding the support of childcare costs. Additionally, they can reduce or refund childcare charges according to family income, family type and age of children (among other criteria) or even offset market costs of childcare through income tax reductions. In the next section, tax incentives and benefits regarding childcare will be analyzed.

34 Plantenga et al., *The provision of childcare services*.
35 Ibid.
3.3. Taxation and benefit systems

Taxation and tax benefits systems have been neglected in most discussions on welfare states, although a number of scholars, both mainstream and feminist, have emphasized their importance as an instrument of both redistribution and promotion of specific family models and relationships within the family. Some facets of fiscal policies are particularly important to parents’ coping strategies with employment and family responsibilities, enabling or hindering women’s and men’s capabilities to work and to care. In fact, both explicit and implicit gender biases are still found in tax and benefit regulations that have different consequences for men and women, because of their prevailing social and economic behavior. Implicit biases are more difficult to identify because they are strongly related to one’s value judgment on the desirable social and economic behavior of women and men.

Even though implicit forms of discrimination can be identified in almost any fiscal norm, this section will narrow the analysis to the unpaid work bias, which is closely related to childcare and its cost. When analyzing policy makers responses to the presence of children in the family – their need for care and related expenses -, it is important to emphasize the importance of the policy design or, as McCaffery puts it, the "child versus child-care credits" question. While the former is designed to benefit the presence of children, the latter targets specifically dual-earner families, who need to resort to formal childcare. In this sense, different fiscal mechanisms can potentially promote either parental home care or formal childcare, i.e. "tax matters".

From the perspective of equality of capabilities, the tax-benefit system should, in fact, expand the universe of choices available to mothers and fathers, promoting a balanced distribution of both the burden and the cost of care. However, as policy responses are underpinned by gender role assumptions, many countries support predominantly either parental or formal childcare.

In fact, the tax treatment of childcare costs can be an important source of unpaid work bias insofar as for couples with children, work may not actually pay enough (or at all) once childcare fees are taken into account. As OECD reports show, childcare fees vary a lot between countries and they can represent a strong disincentive to work for second earners whenever parents don’t have access to informal care.

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38 Castles & Mitchell, «Worlds of Welfare and Families of Nations».
40 Stotsky, International Monetary Fund, e Fiscal Affairs Department, Gender Bias in Tax Systems.
41 McCaffery, «Where’s the Sex in Fiscal Sociology?», 34.
43 Immervoll e Barber, Can Parents Afford to Work?, 19.
solutions. Tax incentives for children (either in the form of fees reductions, cash benefits or tax concessions) thus play a crucial role in determining whether women join the labor market or specialize in family related work at home.\textsuperscript{44}

The cost of childcare can be, as mentioned in the previous section, quite substantial and therefore a strong disincentive to work in many countries. However, when analyzing the affordability of formal childcare, it is not enough to consider the out-of-pocket fees paid by parents to the institution as the net childcare costs may be significantly lower once cash benefits and tax concessions are considered. Despite the lack of detailed comparable data, some recent OECD tax-benefit models\textsuperscript{45} have incorporated childcare fees as well as childcare related tax and benefit provision. This data will be used, in this section, to identify potential overall barriers to WFB possibilities and, in particular, to women’s employment as they are, predominantly, the second-earners.

Chart 12: Net Childcare costs for a dual-earner family (100\%+100\% of average wage\textsuperscript{46}), 2012\textsuperscript{i}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{chart12.png}
\caption{Net Childcare costs for a dual-earner family (100\%+100\% of average wage\textsuperscript{46}), 2012\textsuperscript{i}}
\end{figure}

Source: OECD, \textit{Tax-Benefit Models}.


\textsuperscript{45} OECD, \textit{«OECD tax-benefit model»}.

\textsuperscript{46} All childcare cost components are shown as percentages of average earnings (AW).
Charts 12 and 13 show a very wide range of NCC across the selected countries which mirrors the dispersion of both gross fees and tax incentives given by governments. Looking first at the fees, they are greatly affected by the availability of public facilities and/or the amount of subsidization governments direct to service providers. In the EU, working parents with the AW with two children in full-time care face, in average, gross fees worth 23% of their earnings, which is very substantial. In Portugal they reach over 26% of AW, above EU average and Spain (23,7%) and much higher than Greece (7%). As reported in the previous section, governments and, in some cases, private non-profit childcare providers operate income-dependent fee structures ensuring affordability for poorer families\textsuperscript{47}.

However, lowering costs to match family means does not imply that all demand for formal childcare is met. In fact, affordability is not always followed by availability and, despite reduced fees, many families struggle to find an available place in a childcare institution. In this respect, Greece contrasts with the other Southern European countries, which, together with the scarcity of places, present much higher gross fee levels. It is

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\textsuperscript{47} All fee reductions are shown as rebates, according to OECD methodology.
therefore crucial to interpret this data together with the Charts 6 and 7 on «Use of childcare» so that one can differentiate the cases of low-fee/high-use -as Sweden- and the situations of low-fee/low-use -as Greece-. While low-fee countries, as Greece, aim at providing inexpensive childcare services (despite the already mentioned limitations), most countries adopt demand-side measures, as tax deductions, credits or cash benefits. Looking at the NCC decomposition in Charts 12 and 13, it becomes clear that both Portugal and Spain support the purchase of childcare services by channeling resources directly to families through either tax incentives or benefits and rebates, which results in NCC close to the ones in Greece and well below the EU average. Surprisingly, these values are closer to the ones registered in Sweden, where childcare is provided directly by the state and funded primarily by taxation. According to the data presented, in the three Southern European countries, net childcare costs were, for both income levels, under 10% of the national average wage, some of the lowest levels across OECD countries, especially in English-speaking countries. Looking at low-income families (Chart 13), Portugal presents the lowest NCC (3.7%), due to an increase in fee rebates.

Although neither of the Iberian countries provides cash benefits to parents, the indirect support provided to subsidized childcare institutions is very substantial. In the case of Portugal, adding to this component, childcare fees are tax-deductible thus lowering tax payments for those engaged in paid work. However, tax deductions do not perform well in supporting low-income groups, which are exempt from paying taxes, thus reducing tax progressivity. Looking at Chart 13, it is clear that the tax deductions component is lower for Portuguese low-income families. In Greece, the deduction of childcare expenses was repealed in 2004. Moreover, for families with limited budgets, tax deductions do not offer an immediate financial relief, as they are only available after the end of the fiscal year. It is therefore crucial that this type of tax incentive is not the only form of childcare support available but rather part of a more comprehensive package. Indeed, a successful package should ensure that parents may choose their preferred care arrangement with minimal trade-offs between fertility and employment decisions, which is especially important for women’s capabilities for WFB.48

In sum, regarding Southern Europe, low availability of childcare services is a greater problem than its affordability, which implies that due to the limited supply of childcare services, maternal employment is potentially hindered. In these cases, families are forced to resort to private childcare providers which operate considerably higher fees and therefore sacrifice a larger share of the family income.

48 Immervoll e Barber, Can Parents Afford to Work?. 
In longitudinal terms, the data available allows for the analysis of the evolution of NCC from 2004 to 2012. Again, Chart 13 depicts the relatively low NCC in Southern Europe in comparison to other European countries, apart from Sweden, and this trend has been consistent for this time span. Especially in Greece, there have been no alterations regarding the NCC for dual-earner families, thus sustaining its level at 5% of AW, despite the economic crisis context. However, as discussed in the previous section, the provision of these services as well as their quality has been affected by the austerity measures adopted\(^{49}\). In fact, cutbacks in investment in formal childcare provision are transversal to all South European countries despite different trends regarding NCC\(^{50}\). While for Portuguese families NCC have risen 2% of AW between 2008 and 2012, in Spain these costs have, in turn, dropped 2% of AW following the overall European trend of slight descent (except for the UK).

3.4. Recent developments and impact of the crisis

Although the full effects of the economic crisis which started in 2008 are still not discernible, some of the data presented points to significant institutional constraints to the capabilities of men and women to work and to care. The rise of unemployment levels is generally the first and more visible effect of economic crises,

\(^{49}\) Ziomas et al., «ESPN thematic report on Social Investment - Greece».

\(^{50}\) Jessoula, Pavolini, e Strati, «ESPN thematic report on Social Investment - Italy»; Batista e Cardoso, «ESPN thematic report on Social Investment - Portugal»; Rodriguez-Cabrero et al., «ESPN thematic report on Social Investment - Spain».
putting at risk families’ economic sustainability and increasing their dependency on social assistance. This case is no exception, but the recession context Europe and especially SE countries have been experiencing has some particular traits, namely concerning its gender effects. During the first years of the crisis, occupational segregation of the labor market has in fact protected women’s employment as sectors most severely hit (as the construction sector) were predominantly male. This, accompanied by a sustained rise in women’s presence in the labor market, led to an unusual situation where the narrowing of gender gaps in employment rates was favored by the recession context. However, the austerity policy packages adopted by SE governments, despite their particularities, all contemplated adjustments in the public sector, where female employment is mostly concentrated.51

Regarding welfare provision in general, one major concern is the extent to which austerity measures curtail the provision of social benefits and services, which has been particularly the case in pensions, healthcare and cash allowances in general. Reconciliation policies have not suffered, so far, the most serious cuts, although some restrictions must be addressed. Concerning parental leave policies, in both Italy and Spain some innovation measures had been announced before the crisis, namely regarding the extension of leave for Spanish fathers, but have not been carried out.52 This is especially prejudicial for Italian families as the maternity leave is only partially paid and paternity leave is inexistent. However, it is important to underline that the take-up of leaves is directly employment-related, which implies that the access to leave entitlements is expected to become more limited as mother’s and father’s attachment to the labor market becomes more precarious. As for childcare services, the restrictions are transversal to the four countries. Considering that both Spain and Italy rely deeply in local and regional funding of childcare and pre-school facilities, the recent budget cuts imposed serious consequences in the availability and affordability of these services. At the national level, both Portugal and Spain had put in place programs for the expansion of ECEC (PARES and Educa3) before the start of the crisis, but in both cases they have been suppressed or limited by current governments due to budgetary restraints.53 Concerning Greece, the Program for Reconciliation of Family and Professional life provides free ECEC to low-income families but recently the quality of these services is reported to be decreasing and some services have been closed.54 While the affordability of childcare does not seem to have been seriously affected by the economic crisis, one must take into account that the availability of ECEC services is the factor that first and foremost determines the options for WFB. As

51 Bettio et al., *The impact of the economic crisis on the situation of women and men and on gender equality policies.*
52 Leon e Pavolini, « `Social Investment’ or Back to 'Familism’ ».  
53 Batista e Cardoso, «ESPN thematic report on Social Investment - Portugal»; Rodriguez-Cabrero et al., «ESPN thematic report on Social Investment - Spain».
54 Ziomas et al., «ESPN thematic report on Social Investment - Greece».
discussed previously, if no public (or government subsidized) services are available to working parents, they will be forced to resort to private institutions which operate considerably higher fees and thus constrain the possibilities for WFB.

4. Discussion and Conclusions

This paper has addressed three social policy areas where reconciliation between work and family has been most developed: parental leave, childcare and tax and benefit schemes. It argues that the realm of possibilities for reconciling work and family is restricted at different levels operating at the individual, institutional and societal dimensions, in which reconciliation policies can expand an individual’s set of alternatives for WFB. The focus of analysis has been on gender equality taking into account that the traditional division of paid and unpaid work is deeply detrimental to women’s participation in the labor market and the recent policy trends tend to emphasize «reconciliation for women», allowing them to shoulder their «double burden», rather than real choice regarding work and care arrangements for both mothers and fathers. As previously discussed, enabling real choice regarding WFB implies that both sides of the equation must be considered, that is, the valuation of paid and unpaid work, which requires consideration of policy packages that target time and money to work and to care, and the provision of services which enable both.

Although most EU countries, since the late nineties, have adopted some type of reconciliation policies, there are significant differences both in the scope and in the content of these measures. In fact, as Lewis puts it «even if it is allowed that state intervention in the work and in the family field is desirable (…), it is likely to be difficult to impose a particular model of work-family balance.» The cross-country differences reflect the historical, social and cultural contexts of the policy-making process and even in groups of countries which share many of these characteristics, namely regarding welfare provision, dissimilarities can be found, as in the case of Southern Europe. In a context of traditionally deep familialism, low fertility rates and, except for Portugal, low female employment rates, SE countries have been engaged in the last two decades in developing policies which promote the participation of women in paid work and, to a smaller extent, the distribution of care work between the household and the market and, more importantly, men and women.

55 Concerning the case of employment, specifically, the level of participation in the labor market is as important as the quality of the jobs that women and men hold and, in that area, there is a range of employment policies that must also be considered and which are outside the scope of this paper.

56 Lewis, Work-Family Balance, Gender and Policy, 196.
In that sense, all four countries offer care leave entitlements which protect the job held by the mother or father before the birth of the child and guarantee some percentage of income replacement. Equally, in all four countries these entitlements are mainly directed at mothers, disadvantaging fathers in their capability to engage in care for their children. In the last decade, there has been an effort to involve fathers in childcare especially in the Iberian countries, where well-paid leave available to fathers ranges from two to seven weeks. However, in SE, women’s capability to work or to care also depends on the availability of quality childcare services for very young children, as well-paid maternity entitlements start at 16 and 17 weeks in Spain and Greece and are only as high as 20 and 21 weeks in Italy and Portugal. After the end of the leave entitlements, women who choose to return to work face the scarcity of formal care facilities and on the other hand, those who choose to provide care for their children receive no monetary compensation for doing so. Concerning childcare policies, countries may opt for directly providing them or to direct cash transfers to parents or service providers, thus lowering the costs of childcare. All SE countries, except for Greece, have adopted the latter strategy and, in fact, net childcare costs are overall considerably low, which might be an indicator of high capabilities for WFB for SE mothers. However, formal childcare coverage, especially for young children, is very low. As of 2012, only Portugal and Spain had reached the Barcelona target for this age group which leads to the fact that scarcity is, in all four countries, more serious than the affordability of the services. It must also be highlighted that the low availability of public or subsidized facilities is highly detrimental to the capabilities for WFB of lower-income families, which have not the financial means to resort to private childcare providers.

The existence of real choice, that is, unconstrained choice which does not imply serious trade-offs between work and care decisions, demands that states make alternative forms of provision available which, in turn, might be financially demanding to national budgets. As addressed in the previous section, the economic crisis, which hit SE countries particularly hard, led to a retrenchment of reconciliation policies, especially in the childcare sector. This, together with high levels of unemployment and the deterioration of the available jobs, is likely to impact negatively on the possibilities for parents, and especially mothers, to choose their preferred work-family arrangement.
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1 Methodology: The net costs of purchasing childcare (NCC) is quantified by comparing all relevant taxes and benefits between a situation where a family purchases childcare and an otherwise similar situation where no childcare services are bought (e.g. because unpaid informal care is available). Subtracting any tax concessions and benefit amounts from the gross fee charged by the childcare provider gives the net cost to the parents, i.e. the net reduction of family budgets or the “out-of-pocket” expenses resulting from the use of centre-based childcare. Results are for two children, aged two and three. Country notes: Greece – calculations are based on national guidelines not actual fees; Italy – excluded due to insufficient information. (OECD Tax-Benefit Models).