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Box 2.5 Paid maternity leave during the economic crisis

Studies on the effects of the recent economic crisis on maternity and other parental leave policies have focused mainly on Developed Economies. One review of 17 European countries found that most increased the level of government support to families during the economic crisis. This included a range of support measures for child nutrition, access to early education, tax support and so on, as well as increases in the duration of maternity or parental leave periods, expansion of the scope of maternity and parental leave and increases in leave benefits in certain countries. Countries that undertook such changes included Finland, Germany, the Netherlands and Sweden. In 2010, **Australia** passed the Paid Parental Leave Act, which introduced universal paid parental leave (including during the pre- and postnatal period) for the first time in Australia. In 2011, **Slovakia** increased the duration of maternity leave from 28 to 34 weeks and the wage replacement rate from 55 to 65 per cent of reference earnings. In 2012, **Poland** increased maternity leave from 20 to 26 weeks at 100 per cent of previous earnings and introduced a new option allowing 52 weeks of leave at 80 per cent. In July 2013, **Norway** increased paid parental leave to 49/59 weeks at 100/80 per cent of earnings, with an extension of the mother's and father's quotas to 14 weeks, in order to achieve greater gender equality between women and men (Brandth and Kvande, 2013). In December 2013, a bill (the Family and Medical Insurance Leave Act of 2013) was submitted to the Congress of the **United States**. It proposes the creation of a national paid family and medical leave insurance programme enabling workers to take up to 12 weeks of paid leave from work to recover from childbirth, a serious illness, care for a sick family member or bond with a new baby. The Act would cover almost all workers, providing 66 per cent of previous earnings, up to a ceiling of US$ 4,000 per month. It would be entirely funded by contributions from employers and employees (0.2 per cent of wages; 0.4 per cent for self-employed) and administered through a new Office of Paid Family and Medical Leave within the Social Security Administration (SSA).

Improvements in maternity leave provisions have also been reported beyond the Developed Economies region and include countries such as **China**, which extended maternity leave from 90 to 98 days in 2011, and **Chile**, where parental leave for women was increased from 18 to 30 weeks. The Alliance for the Family programme of **El Salvador** is an interesting example of the role which the improvement of maternity leave benefits played as a countercyclical measure to simultaneously prevent the deterioration of living conditions of women and their families and support unpaid care work. In addition to rebates on schooling costs, expanded health coverage and an increase in pensions, the programme provided a 100 per cent wage replacement rate (instead of the statutory 75 per cent) during the 12 weeks' maternity leave to working mothers registered with the Salvadorian Social Security Institute (Espino, 2013).

In contrast, those countries that were hardest hit by the economic crisis cut some of their support to families. These included Estonia, Hungary, Latvia and Lithuania, which reduced the duration of leaves or reduced the level of benefits in direct response to the crisis. Some, but not all, of these cuts were temporary (Gauthier, 2010). For instance, in **Romania**, in 2010, the maternity benefit was cut to 65 per cent of the previous payment as a transition measure. However, in **Latvia**, maternity leave benefits were permanently set at 80 per cent of previous earnings (down from 100 per cent) in 2011. In **Ireland**, the maximum maternity benefit for new claimants was lowered from €262 per month to €230 per month as of January 2014. In the **United Kingdom**, cuts to the Health in Pregnancy Grant (approximately US$ 320) for each expectant mother were implemented as of January 2011 to address budget deficits (ILO, 2014 forthcoming). When the financial crisis struck **Iceland** in 2008, the ceiling above which parental leave benefits are not paid was reduced, as was the replacement rate, which decreased from 80 to 75 per cent of previous earnings. Yet, when the economic situation improved, Iceland reinstated the previous benefit levels and announced a major reform aimed at expanding the non-transferable leave quota for each parent from three to five months, shifting from the 3+3+3 scheme to 5+5+2 between 2014 and 2016 (O'Brien, 2013).

In a similar manner to Latvia and Romania, erosion of the level of maternity benefits in **Greece** has stemmed from a 22 per cent reduction in the level of minimum wage (a 32 per cent reduction for young workers) following austerity measures, as well as the weakening of the system of collective bargaining brought about by the enactment of Laws 4046/12 and 4093/12. Collective bargaining has been an important mechanism for improving workers' rights in Greece, including parental leave policies. These changes have affected workers in almost all sectors of the economy.

Source: Gauthier, 2010; INLPR, 2013; USA Congress, S.1810 – Family and Medical Insurance Leave Act of 2013, 113th Congress (2013–2014), available at: http://beta.congress.gov/bill/113th-congress/senate-bill/1810 [26 Mar. 2014].