Swedish Family Policy
controversial reform of a success story

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Since the 1970s Sweden’s dual-earner model of family policy has gradually been strengthened by expansions of public day-care, extended earnings-related parental leave and individualised income taxation of spouses. Sweden has become a central case for comparative gender policy analysts and aspects of these policies have become a point of reference for policy makers in other advanced welfare states. One reason for the large interest in dual-earner policies is their potential consequences for a number of outcomes related to behaviour and well-being of parents as well as children. After the election in 2006 questions have been raised about the future direction of policies. The centre-right coalition government has proposed and launched several reforms with the pronounced purpose to increase individual choice. The separate reforms appear to point in divergent directions, simultaneously introducing new and partly contradictory principles of social care. This paper describes the reforms of Sweden’s family policies and discusses their potential outcomes. Will the dual-earner model persist but in a somewhat new shape? And what are the potential consequences of the new reforms on individual behaviour and well-being?

For several decades Sweden’s family policy has been one of the most clear examples of a dual-earner model, where parents have been encouraged to participate in the labour market and to share unpaid care work.\(^1\) This policy orientation has over the past four decades gradually been strengthened through expansions of public day-care, extended earnings-related parental leave for both parents and individualized income taxation of spouses. Shared responsibility over children after parental separation has also been promoted by making joint custody norm and enforcing shared economic responsibility through the maintenance system. Swedish family policy legislation has become a point of reference for policy makers in other welfare democracies, as for example with the introduction of the German parental insurance law in 2007.

A main reason for the interest among scholars and policy makers in dual-earner policies is their links to a large number of

\(^1\) In the dual-earner model both parents are taxed individually; parental leave supports female paid work and male care work; and publicly subsidized childcare is affordable, provided on a full time basis and of high pedagogical quality.

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outcomes related to behaviour, attitudes and well-being of parents as well as children. On the positive side, dual-earner policies have been said to increase the possibilities of parents to reconcile work and family life, facilitating the combination of extensive female labour force participation and relatively high fertility, as well as contributing to child welfare (including e.g. poverty risks and health). It has however also been pointed out that the present variant of dual-earner policies may have unintended consequences in that work-family conflicts are augmented and career chances of many women may be restricted.

New policy orientations

After the Swedish national election in 2006 the winning centre-right coalition has proposed and launched several new reforms in the area of family policy legislation with a pronounced purpose to enhance individual choice. The separate reforms however point in divergent directions, introducing new and partly contradictory principles for the organisation of care in society. Primarily, a gender equality tax bonus for more equal sharing of care work is introduced alongside a flat-rate home care allowance supportive of more traditional gender divisions of labour; and improvements of the pedagogical quality in public day-care are planned at the same time as a ‘childcare voucher’ opens up for alternative care solutions carried out in the homes of care workers with little professional training. The Swedish dual-earner model appears to have come to a new defining moment, and the question arises in which direction the overall model of family policy will be developed.

We will in this paper outline the development of Swedish family policy and present a short overview of some of the most frequently analyzed outcomes of egalitarian family policies. The mapping of past family policy reforms and their consequences serves as a reference point for the discussion of potential consequences of the new reforms on individual behaviour and well-being.

The expansionary phase of dual-earner policies: 1970-2005

The Swedish dual-earner model is commonly seen as resting on three pillars: earnings-related parental leave benefit with long duration; affordable, full day public day-care from the child’s first birthday; and individual income taxation. A fourth potential pillar, less discussed in the social policy literature, is that of joint custody legislation, where custodial rights and responsibilities of fathers have been reinforced since the late 1970s.

When introduced in 1974 the earnings-related parental benefit was paid for 6 months after childbirth, entitling parents to share leave as they preferred. However, only a very small fraction of total leave days were initially used by fathers. In the 1980s leave rights were extended in steps to a full year, and in addition a further 3 months were replaced at a low flat rate. The extension contributed to fathers’ increased leave use which today amounts to over 20 percent of all used days. In 1995 one month of leave was reserved for each parent, which means that one parent (i.e. the mother) could no longer use the whole leave. The months reserved for each parent (in Sweden referred to as “daddy-month” and “mummy-month”), were in 2002 extended to two months for each parent. Since 2002 the total leave period is 16 months, out of which 13 with earnings-related benefit, paid at 80 percent of previous earnings. A large majority of

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2 Earnings-related leave is financed by employers’ fees but imply no direct cost to the employer when leave is used. Parents receive benefits related to previous earnings if they have had earnings for 240 days before childbirth. The ceiling of benefits is relatively high, but in the 1990s the ceiling was lagging behind real wage increases and in reality many parents (mostly men) received a lower benefit than the statuated 80 percent.
parents meet the requirement of having worked for 240 days before using the leave and claim earnings-related benefits. Parents who do not meet the requirement receive a low flat rate benefit that today is SEK 180. Parental leave is used by practically all mothers and by around 9 out of 10 fathers (for details see Duvander 2008). The benefits are often complemented by extra benefits from the employer on the basis of collective agreements between unions and employers.³

The leave period is commonly extended by parents accepting a somewhat lower replacement rate and children typically start day-care when they are one and a half years old (Duvander 2006). This is made possible by legislated rights to flexibility in absence from work in relation to parenting. It is for example possible to save parts of leave to extend summer vacations or reduce work hours during the child’s preschool years. In addition, the temporary parental benefit for the care of sick children, paid at the same level as parental leave, further aims to facilitate the combination of work and children.⁴

Public day-care has been expanded in Sweden for almost four decades. Today, 77 percent of all children in ages 1-3 participate in publicly financed day-care as do 97 percent of all children in ages 4-5 (Swedish National Agency for Education 2007). Several reforms have also been implemented that increase pedagogical ambitions of public day-care and introduce guaranteed rights to participation in public day-care for all children (also those with unemployed parents). In 2002, low fixed maximum user fees for publicly financed childcare were introduced abolishing most of the regional differences in price and availability that previously had existed.⁵ Even if the last decade has seen increased variety in the forms of childcare (such as cooperatives run by parents or other organizations or privately run day-care centres) the absolute majority of childcare is financed through public spending and follows the centrally set curriculum and other regulations. Almost all staff in Swedish day care centres is trained to work with children. Pre-school teachers with a three year tertiary degree make up around 60 percent of the staff in centres, the rest of the educated staff have a secondary vocational training as child-minders (Swedish National Agency for Education 2006).

In the Swedish income tax system a series of reforms removed disincentives for dual-earner families. The first and largest reform, implemented in 1971, was the introduction of individual income taxation. The income tax system was not fully individualised in this respect until the early 1990s, when a tax deduction for an economically dependent spouse was phased out. The implication of individual taxation in combination with a progressive tax system is that it is economically advantageous with two low or medium earnings compared to a single high income.

**Dual-earner policies and their consequences: previous findings**

Sweden’s family policy is often commended for its ability to create possibilities for work-family reconciliation and an increasing number of studies investigate various outcomes of specific policies, on the micro-level as well as on macro-level. The approaches to analyze links between policies and outcomes are however not self-evident, and it should be noted that it is difficult to isolate causal effects from particular policies on specific

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³ Sweden has a high level of unionization and supplements to state-legislated policies have often been subject to collective bargaining (Sjögren Lindquist and Wadensjö 2007).

⁴ Parents are entitled to up to 120 days per year and child until the child’s 12th birthday.

⁵ User fees are set at a maximum 3 percent of net household income for one child, 2 percent for the second child and 1 percent for the third child.
outcomes. There are several reasons for this. One reason is that main effects of such policies may only affect behaviour in the long run, not least when it comes to policies operating through gender role norm systems. Another reason is the sometimes complex interplay that exists between different policies and their multiple effects on behaviour. Below follows a brief overview of earlier studies on links between family policies and various outcomes, which serves as a necessary background to the assessment of the recent development of Swedish family policy.

It has repeatedly been shown that countries with dual-earner models have considerably higher female labour force participation than welfare states with other types of family policy models. Swedish family policy is often thought to stimulate both fertility and women’s paid work, not least by reducing the cost of having children (Rönsen and Sundström 1996). The female labour force increased from around 50 percent in the mid 1960s to over 80 percent in the early 1990s, when the participation rate among women nearly paralleled that of men. The cross-national differences in labour force participation are most substantial among women with children and low education – groups who in this respect are favoured by dual-earner policies (Korpi et al. 2009). The dual-earner model is also related to high labour force participation of single mothers and such households have larger earnings components in their income packages than their counterparts in other countries (Hobson and Takahashi 1997).

A positive relationship between total duration of parental leave and female labour force participation has been shown (see Ruhm and Teague 1995). Affordable public childcare with high availability for the youngest children has in the Nordic countries also been shown to increase mother’s employment (Kantas and Rostgard 2007). The introduction of the maximum user fee in Sweden did not seem to have any large short-term effects on female labour force participation (Lundin et al. 2007).

An increasing literature has pointed to potential unintended negative effects of dual-earner policies on women’s career chances. By attracting large proportions of women with low education and weak career attainments into public sector employment labour markets are held to have become increasingly segregated and employer statistical segregation is assumed to have increased, widening gender wage gaps at higher earnings levels in gender egalitarian countries (e.g. Mandel and Semyonov 2006). Employer statistical discrimination increases further by the extensive parental leave program where women use the majority of leave. Such effects have led researchers to talk about ‘welfare state based glass ceilings’ (Datta Gupta et al. 2008). It has, however, been argued that several of the previous analyses of such effects have come to premature conclusions about the links between gender egalitarian policies and women’s career chances mainly by restricting the analysis to working women. Bringing women that are outside the labour market into the analysis obliterates differences in women’s representation in top wage positions as well as gender labour market segregation. For example, the likelihood that any woman of working age is in the highest wage quintile is around ten percent in Sweden and most other rich countries (Korpi et al. 2009). The latter results indicate that gender wage gaps in higher positions are determined by other factors than differences between countries’ family policies.

As long as parental leave is used predominantly by women, it is more difficult for women to compete on equal terms with men in the labour market, and it gives men a poorer starting point in taking
equal share in parenting. Increasing the incentives for men to use parental leave has been seen as a main way to change the unbalances between men and women in the distribution of work. Changes in parental leave legislation has increased men’s use of parental leave to over one fifth of total number of leave days in parental leave in 2008 while the corresponding figure for the temporary parental benefit for the care of sick children is nearly twice as high.

While policies encourage fathers to use parental leave, it is also important to know whether fathers’ leave use has consequences for future father-child contact. The first daddy month did not result in that fathers used a larger share of the temporary parental leave benefit for the care of sick children once the parental leave was ended (Ekberg et al. 2005). However, it seems that fathers’ leave is associated with a closer relationship with the child later on (Haas and Hwang 2008) and with continued contact in cases where the father separates from the mother and do not live with his children. Also fathers who have used parental leave seem to work fewer hours when the child is older (Duvander and Jans 2009). It is thus plausible that fathers’ patterns of parental leave use affect other aspects of male care work.

While fertility has decreased in many European countries, fertility rates have been kept relatively high in Sweden, for which dual-earner policies often are held to be a main explanation (Neyer and Andersson 2007). Comparative studies of links between parental leave and childbearing indicate that institutions of paid parental leave affect fertility rates (see Ferrarini 2003). The income level of both men and women has been positively associated with the propensity to have a child which is likely to be caused by the earnings-related part of the parental insurance benefit (Duvander and Andersson 2003).

Furthermore, there may also be an association between increased gender equality in the household and fertility. A positive association has been found between fathers’ leave use and especially second births (Duvander and Andersson 2006). This may be caused by shared parental responsibilities that facilitate a higher number of children, or fathers’ increased child-orientation, or by a selection effect into parental leave among fathers. Most likely a combination of the mentioned interpretations are at play.

The increasing delay of first births, partly driven by the extended length of education in combination with work-requirements for parental insurance recipiency, is of concern as it shortens the length of the reproductive period and thereby reduces the number of children women may chose to have. Given that fecundity declines with age, the need for assisted reproduction may increase. This is costly and associated with health risks for the mother and the child. Delayed childbearing is likely to lead to a higher level of childlessness in society. Nevertheless, it seems that the highest shares of childless through the reproductive years are not found in countries with typical dual-earner family models and childlessness does not seem to increase in Sweden.

A fundamental aim of Swedish family policies has been to increase gender equality without hazarding children’s well-being. One important and relatively easily captured aspect of such well-being is the economic situation of households with children. Dual-earner policies are likely to affect the income of families in two ways; directly through highly redistributive earnings-related transfers, and through the increase in earnings that occurs by the family policy model’s support of both parents’ paid work. It has been shown that Sweden and other countries with highly developed dual-earner policies also have
the lowest relative poverty rates of households with children (Kangas and Palme 2000). Poverty may have substantial long-term life-course effects (see Duncan et al. 1998), and it may also affect the choice capacity of parents-to-be (Ferrarini 2006).

Another important aspect of children’s well-being is related to time spent with parents and time in public day-care. Whether time with parents is preferable depends both on the quality of parents’ care and the quality of other childcare. Brooks-Gunn (2003) finds positive effects from high quality childcare on performance later in childhood; better school-related achievements that are strongest for children from less privileged backgrounds. Studies on parents’ choices between work and family in Sweden do not provide support for the idea that parents chose out-of-home child care as a substitute for their own time with the children, and no significant difference can be found in joint activities with children between families with and without out-of-home child care (Hallberg and Klevmarken 2003).

Several broadly comparative and longitudinal studies have also linked higher generosity of parental leave transfers to lower infant mortality (Tanaka 2005), and infant mortality seems to have the strongest relationship with earnings-related parental insurance generosity (Lundberg et al. 2008). Explanations for such results have been sought in the fact that benefits structure the time parents can spend with their infant children, for example increasing the possibilities to breastfeed or monitoring the child; furthermore benefits affect the income of the household that can be used to purchase household commodities that improve child health.

It is sometimes assumed that dual-earner policies may contribute to a stressful life situation at home and at work where parents (mostly women) end up with long work hours in combination with extensive care work. The body of comparative studies analysing the perceived stress of parents has so far produced little conclusive evidence for the idea that Sweden has higher work-family stress than other welfare states. Instead dual-earner policies in some circumstances even seem to assist work-family reconciliation through extensive transfers and services which potentially alleviate some stress (Crompton and Lyonette 2006; Edlund 2007).

**The new elements in Sweden’s family policy model**

After twelve years of uninterrupted Social Democratic rule, a centre-right coalition won the national election in September 2006. During the election campaign they advocated a number of reforms to family policy, including a gender equality bonus in the earnings related part of the parental insurance; a flat-rate home care allowance; a voucher system in day-care; improved pedagogical quality in public day care centres and tax deductions for household services. Some of these reforms can be expected to strengthen the dual-earner dimension of policy while others leave greater room for market solutions as well as more pronounced traditional family orientations.

The tax deduction for household services was in 2007 the first to be introduced of the proposed reforms. It provides a tax deduction of 50 percent of the cost of services up to a high ceiling. Still the few indications on the utilisation of the deduction point to moderate use even if the frequency is increasing. The motive is clearly to aid families where both parents are career-oriented and work full-time as well as to create a market for care services. Critics of the reform point out that it is mainly high income families that benefit from the bonus at the same time as a labour market for low paid ‘maid jobs’ is created.
The few indications on the utilisation of
the tax deduction point to moderate use
even if the frequency is increasing. While
less than half a percent of middle-income
earners use the deduction it is almost ten
times as commonly used by those in the
highest income decile (Sköld 2009).

Two new reforms for parents of young
children were introduced in July 2008; the
gender equality bonus and the home care
allowance. When it comes to gender roles
these benefits have opposing effects. They
are the result of a political compromise
emanating from conflicting interests within
the right-centre government, in particular
between the Christian Democratic Party
and the Liberal Party. The Christian
Democrats have, in analogy with several of
their European sister parties, for decades
advocated a home care allowance that
favours parents (mothers) who prefer to
stay at home instead of utilising public
day-care, while the Liberal Party has been
a long-standing supporter of gender
equality and the dual-earner model.

The gender equality bonus for couples who
share earnings-related parental leave more
equally is the reform that is most in line
with previous family policy orientations in
Sweden. The bonus entitles parents who
share leave more equally to a tax reduction
of SEK 3,000 per month (around a fifth of
an average net wage). In practice this
means that when the parent with the lowest
wage shortens leave (mostly the mother)
and the parent with the highest wage
extends leave (mostly the father), the
former will be entitled to SEK 3,000 per
month exempt from taxes. In particular for
families with relatively equal low and
medium wages, it will be advantageous to
share leave more equally. A weakened
incentive to use this tax benefit is that it is
paid the following tax year.

The home care allowance is an untaxed
benefit of SEK 3,000 per month that is
thought to be used after the parental leave
period. It is paid for parents on leave with
children aged one to three when the child
does not utilise public childcare. Although
formulated in gender neutral terms
allowing both parents to use leave it is
clearly supportive of more traditional
family patterns and female part-time or
full-time home-making. No previous work
requirements are needed to qualify for the
benefit but there is a requirement that the
other adult in the household is in
employment or in education. Lone parents
may use the home care allowance but the
benefit level is too low to alone guarantee
sufficient income and lift such households
out of poverty. The home care allowance is
optional for every municipality to
implement, and so far primarily
municipalities with a centre-right majority
have done so.

Within the area of public day-care two
reforms are to be introduced, which also
appear to increase mixed features of family
policies: improved pedagogical quality in
day care and a childcare voucher.
Improvements of pedagogical quality in
public childcare, with extended rights to
guaranteed pre-school from three instead
of four years is in line with previous
ambitions to improve children’s life
chances and support dual-earner families.
The pronounced purpose with the childcare
voucher system is to give parents a wider
range of childcare choices by enabling
parents wishing to do so to take care both
of their own and of other children in their
home, while receiving economic
compensation from the municipality. The
expected users of the policy are women
with poor or no alternative employment
options, in particular immigrants and lowly
educated women in regions with high
unemployment. Larger variations in the
pedagogical quality of childcare is likely to
follow since one reform clearly will raise
pedagogical quality and the other reform
will lead to more children being cared for
by less trained child-minders outside the
publicly-run day-care centres.
Swedish family policy at a new defining moment

The almost four decades long strengthening of a dual-earner model in Sweden has come to a halt. The full effects of the new policy reforms are difficult to foresee, not only because of their contradictory character when it comes to gender equality, but also because of their different potential impacts along the lines of class and ethnicity. We would expect the short term effects of the reforms to be relatively modest, not least since the main characteristics of the dual-earner model will persist without major cutbacks. In the long run questions must, however, be raised whether the proposed reforms may not have more profound effects. A main feature of the Swedish dual-earner model is the high integration of lowly educated and working class women into the labour market. It is likely that the home care allowance and the childcare voucher will lower employment of the women with the lowest education and with the weakest labour force attachment, restricting chances of later employment. A potential effect on child well-being is higher poverty risks of children growing up in such households as well as the risk that these children will not benefit from improvements in the pedagogical quality of primary education. This risk is likely to be particularly serious for immigrant children with lowly educated parents, who already suffer the greatest problems in education and on the labour market. A potential trade-off between individual choice of child care alternatives and a guaranteed standard for all children may thus here be discerned.

The main tendency of the new reforms is not to provide men with increased rights and responsibilities to participate in the care of their children, instead greater room is left for intra-household bargaining. Such developments are likely to cement larger gender divisions of labour in paid and unpaid work for many households, in particular those with least gender equal division of labour. To what extent the new directions of polices are strong enough to challenge the fundamental orientations of the dual-earner model and its consequences is too early to tell. An alternative path has been proposed among the political opposition; a continued strengthening of the dual-earner model through further individualized parental leave that intensifies fathers’ participation in care. A trade-off is here evident between the potential choices of men and women of different backgrounds and gender equality. The greater number of choices introduced can be expected to increase polarisation between different groups in society, along the lines of gender, class and ethnicity. The intersections between these groups are likely to become important, for instance creating polarisation between women based on class and ethnicity. For such reasons, the balance between different goals in family policy is likely to be a battleground for fierce political debate also in the future.
References


