

University of Economics, Prague

**Faculty of Economics**

Study program: Economics and Economic Administration



FAR FROM INTEGRATION: AN EXAMPLE OF  
DISUNITY IN THE EU SOCIAL POLICY -  
PARENTAL LEAVE (2016)

*Bachelor Thesis*

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I declare that I have written the bachelor thesis on my own, with the help of the cited literature.

Jakub Pešek

3.5.2017, Prague



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# Assignment form

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## BACHELOR THESIS TOPIC

Author of thesis : **Jakub Pešek**  
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Field of study: Economics and Economic Policy  
Topic: **Far from Integration: An Example of Disunity in the EU Social Policy – Parental Leave (2016)**

Guides to writing a thesis:

1. The Aim of the Thesis:  
The objective of this thesis will be to demonstrate a disunity in the EU social policy and thereby give an impetus for further research on the matter, and generally, question the whole EU social policy system and its funding. In order to show this disunity, the paper will examine parental leave and its differences in three EU countries which represent diverse welfare state models (UK, CZ, SE). Finally, the parental leave, as an apposite example of social policy, will show whether social policy might have been integrated or not.
2. Importance and Expected Contribution of the Topic:  
Currently EU invests nearly one third of its budget in Economic, Social and Territorial Cohesion. However, little concern is devoted to social policy integration. Furthermore, a total amount of € 124,928.6 M will be implemented during the period 2014-2020 from the European Social Fund. The education and employment together will use over 67 % of the budget and generally the social policies which are closely connected to them are not taken into consideration. Consequently, this may cause serious issues because the programmes alone might not work as planned if they have no support of the social policy background and if the social policy is disunited. Therefore, it is highly convenient to examine the social policy and its integration because it may influence economic growth and development of the member states in the future and it may be one of the aspects which will play significant role in their economic success.
3. Theoretical Part:  
The theoretical part of the work will focus on the social policy and its integration in the EU with emphasis on parental leave. Also, it will question and inquire the social systems of the three selected countries. Moreover, the paper will shortly investigate the history of their social system and parental leave. Finally, the conclusion will contain the reasons for their current situation.
4. Practical Part:  
The crucial point of the thesis will be the parental leave computation for five standardised families with different incomes and social situations. The outcomes will be compared to the net salaries. This will indicate the differences or common characteristics of the systems. In other words, the paper will compare the parental leave of standardised families among the selected countries. Additionally, it will show the advantages and disadvantages of the systems and to whom they are favourable.
5. Keywords:  
European Union, Integration, Parental Leave, Social Policy, Disunity

Length of thesis: 55 pages

Selected bibliography:

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## Abstract

Well-integrated economic policies, open market and advanced institutional frameworks are examples of successful EU integration process, nonetheless, EU still contains areas, such as social policy, which have been almost untouched by integration. This may be a serious issue because social policy influences economic growth, development and the level of employment. Therefore, the EU should search the most appropriate social policy and examine its integration. The thesis questions this integration of social policy on the apposite example of parental leave. Furthermore, it describes and examines the parental leave in three EU countries (UK, SE, CZ), which represent diverse welfare state models. Parental allowances are computed for five standardised families describing real-life situations. Also, they are compared to demonstrate the disunity and the specifics of the systems. The main contribution of the thesis resides in the unconventional approach of using the calculations of the benefits to directly investigate the integration of social policy.

JEL Classification: H53, I31, I38, J13

Keywords: European Union, Integration, Social Policy, Disunity, Parental Leave

## Abstrakt

Integrované hospodářské politiky, otevřený trh nebo pokročilý institucionální rámec, to jsou příklady úspěšného integračního procesu v EU. Nicméně, EU stále zahrnuje oblasti, jako je sociální politika, které byly integrací téměř nedotknuty. To může být ale vážný problém, jelikož sociální politika ovlivňuje hospodářský růst, rozvoj nebo míru zaměstnanosti, proto by měla EU hledat vhodné formy sociální politiky a zkoumat její integraci. Tato bakalářská práce vyslovuje pochybnosti ohledně jednotnosti sociální politiky a zkoumá ji na příkladu dávek spojených s rodičovstvím. Práce dále popisuje a testuje tyto dávky ve třech zemích EU (UK, SE, CZ), které reprezentují různé modely států blahobytu. V práci jsou spočteny dávky v mateřství a rodičovství pro pět typizovaných rodin, které popisují reálné životní situace a jejich porovnání ukazuje onu nejednotu a specifika zkoumaných systémů. Hlavní přínos této práce spočívá v netradičním přístupu použití výpočtu sociálních dávek ke zkoumání integrace sociální politiky.

JEL klasifikace: H53, I31, I38, J13

Klíčová slova: Evropská unie, integrace, sociální politika, nejednotnost, rodičovská dovolená



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## Introduction

Despite well-integrated economic policies, open market and advanced institutional framework, EU still contains areas which have not been integrated at all. However, these areas and policies may have a significant effect on EU economic targets in the future. Social policy may be considered as one of such areas. If one takes into account a close connection between social policy and economic growth, development and high level of employment which is amply-desired by EU, it is rather appropriate to seek the most convenient social policy.

The EU social policy does not directly aim to a high level of integration in comparison with economic policies. In social policy, the majority of sections is still within the member states' authority (Krebs, 2015; European Union, 2017A). European Commission also states that the primary responsibility for social policies is in hands of the member states' governments and EU only contributes with additional funding and supports national programmes. Closer look the EU's budget reveals that 32.79% of the total money spent went to Economic, Social and Territorial Cohesion which is equal to € 50,831.2 M out of a total amount of € 155,004.4 M in 2016 (European Commission, 2017A). However, most of the money is distributed through national programmes and at the discretion of national governments (European Union, 2017A). Moreover, those € 50 billion contain much more than just a pure social policy and it is mostly focused on regional development and territorial cohesion (TFEU, 2017). Turning to European Social Fund and its stronger connection to social policy, a total amount of € 124,928.6 M will be implemented during the period 2014-2020. Together, education and employment will use over 67% of the Fund (European Commission, 2017B). Again, the money is used through selected programmes and indicators created by European Commission and little concern is devoted to the integration itself.

A well-chosen social policy may highly influence the economic growth and development of the member states in the future and may be one of the aspects which will play a significant role in their economic success. Therefore, it is highly convenient to examine whether the social policy may be integrated, either institutionally or naturally. All of this makes the topic important and directs one to examine at least a small part of social policy from the integration point of view. In order to enquire into the social policy

integration, the paper examines parental leave which is an apposite example of social policy due to its importance, historical roots and political sensitivity.

The thesis consists of two distinct parts with both approaching social policy integration. The first part is theoretical and focuses on the social policy and its integration in EU with emphasis on parental leave. Furthermore, it investigates the social system of the three selected countries. History and background of the social systems are also shortly provided. In conclusion, this part contains main reasons for the current status of the social systems.

The practical part examines parental leave and its differences in three EU countries which represent diverse welfare state models. The selected countries are the Kingdom of Sweden, the Czech Republic and the United Kingdom of Great Britain and Northern Ireland because they have significantly different history and roots in social policy. In this part, a reader finds computations for five standardised families with various incomes and social situations. The outcomes are compared to the net salaries. This indicates the differences or common characteristics of the systems. Overall the comparison shows the advantages and disadvantages of the systems and to whom they are favourable. On this basis, the thesis questions the social policy integration.

In detail, the main hypothesis of the paper is that parental leave, as an appropriate example of social policy, has not been integrated, neither institutionally, nor naturally. Institutional integration could not happen because the treaties on EU do not enable it and the topic is too sensitive for policy makers. The author does not either believe there was any natural integration because the social policies are generally rigid and governments are not willing to make any changes.

Secondly, it does not have to be supposed the parental leave would be equally advantageous to an average-income family in all three countries even though it should be possible in theory. The historical background may be crucial for the whole social system, beliefs of the people and generally the society. Thus, the systems would not even meet on average. It is because people of three countries may look differently on the average income family. They may not consider them as an average income family. This depends on the income gap or the number of people who are around the average.

Thirdly, in case the paper would find common characteristic in parental leave, which is rather unlikely, one would have to consider that EU integration process of social policy has certainly developed. The reason is that parental leave, as mentioned, belongs among the most rigid areas of social policy.

To conclude, the aim of this thesis is to show whether social policy might have been integrated or not and alternatively demonstrate a disunity in the EU social policy based upon significant dissimilarities of the parental leave.

# 1. Theoretical Background

## 1.1.Social Policy – Definition

The term social policy is widely used through this thesis and even though it may be considered by many as well-known it is better to clarify its meaning in this paper.

Albeit, social policy is an expression commonly used, one can find distinct interpretations of this term. Basically, every book dealing with social policy starts with the question “What is social policy?”, yet there is no clear answer. Academic literature mostly distinguishes two different approaches to social policy. One considers the social policy as an academic subject and generally subject for studies and researches and the second as “real-world” instruments which involve governments, NGOs, citizens, regional and local councils, communities and many others. For instance, Blakemore and Warwick-Booth (2013) discuss this as a problem of social policy identity. They describe the social policy in two ways: firstly, as a study subject mainly intended for research and secondly, as something that affects “normal” world. They (2013, 20-21) specify the second approach with a quotation of Hill (1997) *“Social policy can be described as a field of activity decided upon implemented by the government, and is usually a course of action and a web of decision rather than a single decision”*.

Bochel and Daly (2014) describe social policy mostly as an academic subject which is associated with many others social science disciplines. Particularly, they see that social policy is closely connected to sociology, economics or politics and also uses many concepts of these sciences.

Similarly, Alock et al. (2016, 7) provide a reader with both approaches: *“Social policy is the use of policy measures to promote the welfare of citizens and social well-being. It is also the term for the academic study of these measures, having changed its name from “social administration” to reflect a broadening concern with the theory as well as the practice of welfare arrangements. Social policy analysts adopt a range of theoretical perspectives, leading to varying conclusions about the viability and desirability of different measures and interventions. Much social policy has been developed by national governments, but the role of international and global agencies has*



*become more important, as have moved to shift policy to local and community level.”* Importantly, this clear overview also notifies the researchers of the term evolvement.

Lavalette and Pratt (2006) as many others describe several distinct approaches to the definition of social policy and provide a reader with a historical view of the term. Furthermore, they summarise studies of the respected social researcher Richard M. Titmuss on the matter concluding that even though the social policy has evolved and become more sophisticated, the social policy analysis persists same. They show it on an example of Titmuss’ definitions and their possible application to today’ analyses. He defined eight areas as main objects of his social policy studies (Titmuss, 1976 quoted in Lavalette and Pratt, 2006, 3):

- 1 The analysis and description of policy formation and its consequences, intended and unintended*
- 2 The study of structure, function. Organisation, planning and administrative processes of institutions and agencies, historical and comparative*
- 3 The study of social needs and problems of access to, utilisation and patterns of outcome of services, transaction and transfers*
- 4 The analysis of the nature attributes and distribution of social costs and dis-welfares*
- 5 The analysis of distributive and allocative patterns in command-over-resources-through-time and the particular impact of the social services*
- 6 The study of the roles and functions of elected representatives, professional workers, administrators and interest groups in the operation and performance of social welfare institutions*
- 7 The study of the social rights of the citizen as contributor, participant and user of social services*
- 8 The study of the role of government (local and central) as an allocator of values and of rights to social property as expressed through social and administrative law and other rule-making channels*

However, the expression “social policy” has changed its meaning over time. For instance, more than one hundred years ago former Czechoslovakian Minister of Finance

Karel Engliš (1916) defined social policy as a practical endeavour to “raise” the society as ideally as possible. The endeavour was driven by equity and social purposefulness.

The definition of social policy was an issue even in past, at the time when the social policy was much less advanced. Already mentioned Titmuss (1974, 30) later discussed sundry interpretations of the prominent social policy professors and after resignedly concluded: *“Like many of the other definitions, social policy (as with economic policy) is all about “what is and what might be”. It is thus involved in choices in the ordering of social change.”*

Thus, one can see that social policy cannot be described by one universal definition. The meaning depends on the specific area of social policy and the approach the researcher would take but some authors provide readers with the general interpretation which tends to summarise well the definitions. For instance, Krebs (2015) encapsulates that, generally speaking, social policy is a policy which is mostly focused on human beings, a betterment of their living conditions and development of their personalities and life quality. Consequently, social policy must necessarily play a significant role in the whole society (Krebs, 2015). Shortly as well but distinctively states the World Bank (2017) *“Social policy is defined as a series of public policies designed to promote social development, undertaken by a variety of actors through a range of instruments.”*

It is obvious that many other descriptions, interpretations, definitions and classification could be provided and it is not claimed this would be an extensive and representative sample of definitions. The literature on social policy is huge and cannot possibly be surveyed here. Nevertheless, the main reason for this short insight into the term “social policy” was not to summarise the knowledge of social researchers and find the best description of the term but to demonstrate the difficulty of defining the term and prevent future misunderstanding about what social policy means here in this work. For this purpose, an article with an explanation of the meaning for this paper follows.

Finally, this thesis needs its own definition of social policy and it is necessary here to clarify what is meant by social policy before the research starts. In order to find the most suitable definition for this paper one needs to look at its principal point. The objective of this work is the investigation of EU social policy integration. This implies that the meaning here should be mostly related to practical use of the social policy and

should address the EU administration, member state' governments, communities, local authorities, and, last but not least EU citizens. Moreover, social policy as a practical “tool” should encourage economic growth and development. Here, social policy is understood as a set of policies which helps persons, families and communities in economically and socially disadvantageous or less desirable situations, such as unemployment, parenthood, senescence, poverty, disability and others. Notwithstanding, it is also a set of policies that creates an institutional framework which promotes socially desirable behaviour and leads to the improvement of life conditions, level employment, economic growth and regional development.

## 1.2.Social Policy in EU

### 1.2.1. Legal Framework

To begin, social policy is addressed by Article 3 of the Treaty on European Union (TEU, 2017) and the Treaty on Functioning of the European Union (TFEU, 2017) regulates social policy in Articles 9, 10, 19, 45-48, 145-161 (European Parliament, 2017A).

Article 3 of TEU sets general objectives of EU, such as justice, peace, internal market, security, economic and monetary union or no internal frontiers, (Bonde, 2008). Importantly for this thesis, it continues EU internal market and sustainable development basics which are for instance *“highly competitive social market economy, aiming at full employment and social progress...”* (TEU, 2017). No matter how general it is, the goal is to create a social market economy. However, social policy is a fundamental component of the economy and there is a close link between social policy and economic growth. This has been acknowledged for example by Ha-Joon Chang from the United Nations Research Institute for Social Development (2002). Going further through the Article 3, *“...shall promote social justice and protection...”* (TEU, 2017), this may be an issue as well because social justice is likely to be understood differently among the member states and EU can hardly establish one system of social justice and protection without legal competencies. The rest of the article floats similarly, pointing the importance of diversity, cohesion, solidarity (TEU, 2017). *“The Union shall pursue its objectives by appropriate means commensurate with the competences which are conferred upon it in the Treaties.”* (TEU, 2017) is the end of the article, which meaningful for the research to investigate whether the EU truly use the appropriate means.

The Treaty on Functioning of the European Union does not concern social policy extensively either but there might still be found more detailed regulation than in TEU.

Storey and Turner (2014) claim that TFEU is certainly the most important treaty concerning EU legal order. In this treaty, a social policy may be found in part three as Title X – Social policy.

The Treaty itself, however, reveals that Title X, which contains Articles 151-161, mainly considers employment, working conditions, labour law, disadvantaged persons and social protection of workers. It does not step into family law (related to social policy or further integration of social policies). Besides, the Article 152 (TFEU, 2017) says: *The Union recognises and promotes the role of the social partners at its level, taking into account the diversity of national systems. It shall facilitate dialogue between the social partners, respecting their autonomy.* In other words, EU should always consider the diversity of the systems when attempting to integrate any section of social policy and thus EU cannot secure a strong position for further integration.

Storey and Turner (2014) also state that the legal framework for the social policy is created to care for workers who could be easily harmed. They list several provisions:

*Safety and health of workers at work: Directive 89/391;*

*Safety and health at work of pregnant workers: Directive 92/85;*

*Protection of young workers: Directive 94/33;*

*Parental leave: Directive 96/34;*

*Protection for part-time workers: Directive 97/81;*

*Protection for fixed-term workers: Directive 1999/70;*

*Working time: Directive: 2003/88 (replacing Directive 93/104)*

They continue with an opinion that these directives are based upon both economic and social reasons. Among the social belongs the protection of labourers and employees, especially the most vulnerable (the young and the part-time workers). Here is important to highlight: the economic aspect is that the directives should be created to *co-ordinate* EU employment policies.

Another important point is mentioned by Storey and Turner (2014), entire EU legislation concerning social policy is written as a directive, not regulation. This is crucial for the whole discussion about the possible social policy integration and competences of EU to change any of the member state policies. To explain the difference citation from EU official website follows (European Union, 2017B).

*A "regulation" is a binding legislative act. It must be applied in its entirety across the EU. For example, when the EU wanted to make sure that there are common safeguards on goods imported from outside the EU, the Council adopted a regulation.*

*A "directive" is a legislative act that sets out a goal that all EU countries must achieve. However, it is up to the individual countries to devise their own laws on how to reach these goals. One example is the EU consumer rights directive, which strengthens rights for consumers across the EU, for example by eliminating hidden charges and costs on the internet, and extending the period under which consumers can withdraw from a sales contract.*

This may mean a serious problem for EU social policy integration and strengthening the cooperation among the member states in this area. Moreover, some of the goals might lead to completely different results. A popular quote says: *"The journey matters as much as the destination."* (Brainy Quote, 2017). One does not have to be necessarily a bold person to declare that this does not work only in life but in law too. Moreover, using the knowledge of Stanford Professor of Law and Economics A. Mitchell Polinsky's book *An Introduction to Law and Economics* (2011), everyone can consider this as completely accurate.

The work later deals with parental leave so an example of a directive about the time that parents spend on parental leave may illustrate the situation well. Readers can imagine an unrealistic situation when EU would create a directive saying: A parent in average cannot spend more than two-thirds of the overall parental leave days. In other words, the other partner should use at least one-third of the total parental leave length in average. It may be considered as a desirable goal thus it would be in EU interest to do so. Now, there would be two member states, state X and state Y. State X would apply a regulation and would decide that if parents want the parental leave, each of them must spend at least one-third of the time granted for the leave. In contrast, state Y would try to use incentives to achieve the given goal. It would promote this behaviour with higher parental leave benefits for the other partner, which would be growing with the equalising the parental leave length between both parents. At the end, both countries could achieve the stipulated aim, however, readers can easily see the variations. Social policy should encourage economic growth and development, nevertheless, in the first example, it may cause

the very opposite. Force people not to work if they want and it is economically advantageous for them should not probably be the interest of social policy. Also, compel mothers (considering they are usually the ones who use parental leave more) to go to work instead of using parental leave might not help either.

This was obviously a utopian and very simplified example and hopefully, the application of the directives goes better. But it was an example which should illustrate that directives may not need to cause what is wanted and that it does not necessarily lead to a unification of social policy.

Additionally, the directives usually set only the wide limits and leave enough space for member states to decide how the directive would look like. Storey and Turner (2014, 440) give an example with maximum hours of an average working week which was set at 48 hours but the member states could choose any other number which would be lower than 48 hours.

A distinct view is taken by Alock et al. (2016) who is more concerned about the decision-making procedures. He emphasises the expanding legislation through increasing number of social policies which are subjects of a qualified majority voting, as it is termed. The definition of qualified majority is accessible at the EUR-Lex Glossary (2017): *“A qualified majority (QM) is the number of votes required in the Council for a decision to be adopted when issues are being debated on the basis of Article 16 of the Treaty on European Union and Article 238 of the Treaty on the Functioning of the European Union. Under the ordinary legislative procedure, the Council acts by QM, in codecision with the Parliament.”* In essence, this means that more policies may be easily approved by the Council. Nonetheless, the clear majority of Commission’ proposals which are adopted by the European Parliament are also approved by the Council. Moreover, only 2% of the proposals went to Conciliation (resolution if the Parliament and the Council do not concur even after the 2<sup>nd</sup> reading in the Council) during its 7<sup>th</sup> legislature (European Parliament, 2017B). Therefore, we should not consider the Council or their voting system as something that would hinder social policy from development and integration.

Furthermore, it is likely that no voting happens at all because how Anderson (2015) admits the member states are extremely wary of losing their authorities over social policy and that they try to avoid delegating any competences regarding the matter to the EU.

A wide range of literature on social policy, such as Bochel and Daly, Lavalette and Pratt, Black and Warwick-Booth, Hills, Le Grand and Picachaud, does not even question EU social policy legislation or integration, except brief history, treaties, structure or development. Also, they all similarly describe the “evolution” of social policy in EU, however, usually without a clear conclusion or further interest on that matter.

To summarise, EU social policy belongs among the areas of the shared competencies and the majority of sections are regulated by member states. Further, the legal framework is adjusted by directives which leave enough space for the member states to create law different from each other. Consequently, it means that the final laws may lead to significantly different results than intended. To put it mildly, the legal layout is formed with caution and high sense of respect to member states’ authority. Overall, EU social policy legal framework does not provide enough tools to easily integrate social policy and thus does not enable further integration which would be performed by institutions themselves.



### **1.2.2. EU Funding of Social Policy**

The EU's budget in absolute terms is € 155,004.4 M in 2016 that is approximately equal to 1% of GDP generated by all member states (European Commission, 2017A; Eurostat, 2017). Economic, Social and Territorial Cohesion which contains, besides other things, social policy. This section of the budget will spend the amount of € 50,831.2 M which is equal 32.79% in proportional terms. Economic, Social and Territorial Cohesion is then second largest sum after "Sustainable Growth: Natural Resources" (40.31%). By and large, one could consider that spending a third of the budget in one area should inevitably mean synchronising that area and making it unified. As mentioned in the legislative part, the finance is distributed through national programmes and at the discretion of national governments (European Union, 2017A) TFEU also reveals that the fund is mostly focused on regional development and territorial cohesion, so one should not consider it as money spent primarily on social policy.

Examining the funding of the social policy, it is necessary to delve deeper in the EU finances. Particularly, EU uses a financial instrument called European Social Fund (European Commission, 2017B). ESF is described by Title XI in TFEU. It contains Articles 162-164 which describe ESF as a tool which promotes employment and mobility of workers their adaptation to industrial changes (Bonde, 2008). The Fund is administrated by the Commission with the assistance of member states, trade unions and employers' organisations (TFEU, 2017). This should leave relatively strong authority to use the budget at its will. The Fund will implement a total amount of € 124,928.6 M during the period 2014-2020. However, the fund focuses on education and employment which together use over 67% of the Fund (European Commission, 2017B). On one level the Fund is implemented through programmes and indicators set by the Commission, but on the other level, member states can choose their operational programmes (European Commission, 2017C). Thus, it does not lead to social policy integration either.

### **1.3. Welfare State Systems**

Writing a paper about social policy and not mentioning welfare state systems at least once would be probably an academic hazard. Every EU member state can be basically described by a type of welfare state system. European social model was, is, and probably will be formed by welfare state models. Hence, the thesis reviews the sundry types of welfare states with an emphasis on parental leave and three considered states.

Readers would unlikely question the importance of the welfare state and its relevance to this topic. On that account, the thesis can turn straight to the description and aspects of the models. Five different models are listed because they cover all EU countries. The emphasis is given to three of them which are examined later in the thesis. Namely, it focuses on the Post-communist model (CZE), Liberal model (UK) and Social-democratic model (SWE). Commonly referred two other types of welfare states – Conservative and Southern – are discussed briefly. Also, they are not represented in the practical part. It is so primarily for three reasons: they may always have some common signs with the other three types; the countries of the other two groups may have substantive dissimilarities in the parental leave so they could not be well-represented; and thirdly, with the amount of data needed the thesis would neither be of appropriate length, nor could discuss the problem adequately.

It is nowadays, among social policy scholars and researchers to challenge the models of welfare states. Many argue that the Esping-Andersen's typology is outdated and cannot be applicable for current social policies. Some also continue with statements about the new age EU modern welfare state. Naturally, there will be always differences in social policy among countries. The social policy is certainly transforming and developing but it does not imply that generalisation would not be applicable. Also, the development of the social policies may be somewhat exaggerated because it is more likely social policy would change evolutionary rather than revolutionary. After all, this thesis talks about the rigidity of social policy systems. Overall, no typology and generalisation are perfect but the division is adequate and appropriate for the study.

### 1.3.1. Liberal Model

The liberal welfare state is usually characterised as a system with typically modest benefits which are means-tested. The benefits are typically intended for low-income households, which need to fulfil strict rules. Benefits are commonly correlated with social stigma (Pestieau, 2006). He names USA, Australia and Canada as typical representatives. Alock et al. (2016) using Titmuss's typology describes Residual welfare model as market-based provisions with a safety net. Similarly, he mentions the stigma connected to the benefits.

Blakemore and Warwick-Booth (2013), on the other hand, use the Esping-Andersen's classification (1990) and state the system has a minimum level of welfare services which are mostly for poor. Health services which are provided by the state are usually basic. They (2013, 80) also claim on liberal welfare state "*The state organises and subsidises social insurance schemes that protect the better off and those in middle-class occupations.*" They do not have a clear opinion whether the UK belongs in the group, they see, that UK does not fit in any of the systems. However, one could question whether this attitude might have a connection to the nationality of the authors because this view is mostly taken by British authors, nevertheless, a further research on that matter would be needed. Bochel and Daly (2014) have a solution to this stating USA, which represents the model best, is liberalist, and the UK is liberal and fits the descriptions best in Europe. To solve this, Ebbinghaus (2012) made a study on comparing the welfare state regimes and typologies, and concluded that in most areas the UK belongs to liberal model. In addition, the UK fits in the liberal model most from all European countries (Ebbinghaus, 2012). Similarly, he reveals that major recent studies (Sain-Arnaud and Bernard, 2003; Powell and Barrientos, 2004; Scuggs and Allan, 2006; Castles and Obinger, 2008; Schröder, 2009; Vrooman, 2009) classify the UK as a liberal model. Thus, when focusing on Europe or alternatively on EU, the UK is the best representative of liberal model.

The history of the UK's social policy goes back to the period of the Second World War, when a British economist, lord William H. Beveridge issued his report called Social Insurance and Allied Services. It became a huge best-seller, there were sold around two hundred fifty thousand copies during the first year. Owing to this, he is considered

as the main architect of the UK's welfare state system. Even though, his report was, figuratively speaking, only the first base. Real changes had to wait for Labour government and its policies after WW2 (Bochel and Daly, 2014). Sometimes, the report and consequent policies are described with a trace of socialist thinking. But, as Bochel and Daly (2014) state, it resisted left-wing groups and there was not redistribution of money from the richer to the poorer. Conversely, it intended to provide a fundamental support for the whole society. It was also expected the most people would prefer insurance provided by private sector. The system was based upon principles of flat-rate contribution and benefits (Bochel and Daly, 2014).

To finish, one could find strong roots in both Keynesianism and Neoliberalism. Influenced by Thatcher politics, UK's social system differ significantly from the rest of Europe. Summarising, the characteristics are: the minimal responsibility of the government, high inequality, low redistribution, low contribution to the social system and means are tested (Krebs, 2015).

### **1.3.2. Social-democratic Model**

The social-democratic regime of welfare state evolved from low social and gender inequalities in Nordic countries, where was, after the Second World War, significantly lower unemployment rates than in western economies (Wilkinson and Pickett, 2009 in Bochel and Daly, 2014). According to Pestieau (2006), the model is established on principle of universalism where social rights predominate. As well, he observes Scandinavian countries are generally generous and redistributive however at the cost of heavy social-service burden. Blakemore and Warwick-Booth (2013) explain similarly, model emphasises social equity and social security. A large part of the public money is therefore spent upon extensive and high standard social services which are available to everyone. For the system function properly, it is essential to keep people in work. Emphasis is then laid on the work ethics (Blakemore and Warwick-Booth, 2013). To what was already mentioned, Bochel and Daly (2014) add that state takes priority over a market. To describe the model Alock et al. (2016) uses, differently, Titmuss's typology and describes the redistributive welfare state as a state of universal, right-based, non-stigmatising, benefits and services.

Model is sometimes termed as Nordic that illustrates for which countries the system applies. Furthermore, Lammi-Taskula (2011) indicates that Nordic countries have culturally much stronger sense of equality between a woman and a man than other countries. This applies especially in family law where the stereotypical roles of the man as a breadwinner and woman as a housewife are socially but also legislatively rejected. This actuality is relevant examining the parental leaves because legal frameworks of many countries still apply these gender prejudices.

Most quoted country of the social-democratic model is Sweden. Sweden developed its social system during the 1970s when a large part of the national income was assigned to welfare benefits and intense labour market policy (Bochel and Daly 2014). Nevertheless, the foundations for the successful social-democratic model were laid much earlier by the Nobel Prize laureate Karl G. Myrdal, who is considered the father of the social-democratic welfare state. He formed the pro-natalist policies in the 1930s which have evolved in the current Sweden social policy system. Swedish social policy is

generally described with a high level of redistribution, low inequality, high contribution to the social system and strong government role in social policy (Krebs, 2015).

### **1.3.3. Post-communist Model**

Giddens (2007) claims that after the fall of the iron curtain a new model was developed and now needs to be included among the well-known welfare state models. He terms the system as a Post-Communist model. The model refers to countries of former Eastern Bloc which experienced some issues in adapting their economies to the Western-style welfare states (Giddens, 2007). Ignat (2009) in Adescaitei (2012) observes that post-communist model includes basic institutional layers and a strong core of social protection. Other common characteristics are the pay-as-you-go system, aiming for full employment, national health service or affordable family housing (Adescaitei, 2012). Turning back to the roots, East Europe's welfare states had to go through an immense process after the Communist regime collapsed. They had to build the welfare state on the Communist legacies while opening their markets and searching right boundaries between public and private goods. Moreover, new variables such as non-profit organisation and private providers of social care came into play (Cook, 2015). Cook continues with a listing of provisions of maternity benefits, support for families and pay-as-you-go pension systems. He concludes that the post-communist states have been a transitional process, nonetheless, they are influenced by a strong path-dependency.

To focus on parental leave, a study made by Schulze and Gergoric (2015) reveals a significantly longer parental and maternity leave of the former Eastern Bloc countries. The charts also show the benefits compared to previous income are generally lower for these states.

### **1.3.4. Conservative Model**

A strongly corporatist system of little redistribution and not much room for private insurance that is how Pestieau (2006) describes the Conservative model. The model which is above the market forces and with people who are attached to social class and status. Common examples are Austria and Germany (Pestieau, 2006). To describe the model Blakemore and Warwick-Booth (2013) use characteristics such as lower dependency on market than the liberal model, well-developed welfare system with the provision of health welfare and education services or a mix of public and private funding. Bochel and Daly (2014) emphasise a maintenance of the system by social order and show that the model is employment-based, focused on social insurance and generally committed to principles of subsidiarity. This comes from the catholic social ethic based upon a family as the principal welfare provider. They also discuss the level of decision making which is executed at the lowest administrative unit. Kaczor (2015) highlights the emphasis with which the model supports the people who have contributed to the social system and help them on the basis of merit. It would not be a proper description without mentioning at least one of the first authors on that topic. Thus, Titmuss in Alock et al. (2016) considers the corporative welfare regime as an adjunct to the economy, which is to secure support for the working and middle class. Alock then summarises that the system is performance oriented with benefits and services aimed at employed people.

### 1.3.5. Southern Model

The southern model or Mediterranean regime, which contains e.g. Spain, Portugal Greece or Italy is recognised only by few social policy authors. Alock et al. (2016), as one of these, states very briefly on the system: fairly low tax base, heavily depending upon provision from family. Researcher Ferrera (1996, 1) identified these traits: *“(1) a highly fragmented and 'corporatist' income maintenance system, displaying a marked internal polarization: peaks of generosity (e.g. as regards pensions) accompanied by macroscopic gaps of protection; (2) the departure from corporatist traditions in the field of health care and the establishment (at least partially) of National Health Services based on universalistic principles; (3) a low degree of state penetration of the welfare sphere and a highly collusive mix between public and non-public actors and institutions; (4) the persistence of clientelism and the formation - in some cases - of fairly elaborated 'patronage machines' for the selective distribution of cash subsidies.”* Provided description of the southern model is not further discussed in the light of not examining the model in the paper.



## **1.4. Political Integration as an Externality**

Even though social policy could not have been integrated institutionally, integration might have occurred. The reason is that political integration may have taken a form of an externality of the economic integration process. It could have happened regardless of missing institutional frameworks which would enforce the integration. The processes may happen naturally as the countries come to closer economic relations and cooperation. They later harmonise their policies naturally which enables them to share increasingly their open markets.

This is well-described in the example of the globalisation by Gartzke and Li (2003). They write about the political externality of globalisation and trade in general with a conclusion, arguing that the economic cooperation has a positive political influence on the countries which are involved. They do not directly point to political integration, nevertheless, political cooperation has, in fact, the primal characteristic of the integration. The link between economic and political integration is also recognised by Michele Ruta (2005) who lists several researchers describing this phenomenon. The author also determines economic integration as one of the four principal factors which influence the further decision about political integration.

Under no circumstances does the paper aim to claim whether there is a link between economic and political integration. Nonetheless, if there is any, it could cause the political integration independently on missing institutional framework. Therefore, it is necessary to examine integration empirically and it is not sufficient to show disunited legal framework and not acceptably well-directed funding.

## **1.5. Maternity, Paternity and Parental Leave**

Family policy is one of the core points of the whole social system and its importance has been growing along with decreasing birth rate and ageing population. The first time, when adults often come into contact with family social policies, is when they are considering whether to have children or not. The social policy provisions commonly include maternity leave, parental leave, and currently well-sought, paternity leave. All of them are normally accompanied by benefits derived as a percentage of an income even though it is not always so. Benefits may also have a form of a flat rate or the parent may stay at home without any financial support. There might be other allowances apart from these three, such as a one-time payment for a new-born child. However, they vary substantially depending on a country.

Modern academic literature is not unified when using the terms “Maternity”, “Paternity” and “Parental Leave”. The reason is that some states do not recognise all three institutes or they connect two of them in one with further conditions. Typical is uniting of maternity and parental leave with a condition that a part of the leave is only for the mother. To be clear, the thesis uses one specification regardless of the fact that the states may use it differently. The change is always mentioned in a footnote.

Maternity leave is considered as a specific time of a leave which is allotted only for a mother and a father could use it only under certain circumstances such as a death of the mother. Maternity leave should not start later than a day of a parturition. The purpose of the maternity leave is primarily to protect the woman’s and the soon-to-be-born child’s health in the time of pregnancy and a short period after (Storey and Turner, 2014).

Parental leave is a period of time following the maternity leave. It might be taken by the father or the mother or it might be divided between them. Payments are usually lower than during the maternity leave. The principal purpose of the parental leave is to enable parents to take care of their new-born child (Storey and Turner, 2014).

Paternity leave, which was in various and sundry forms granted by 21 EU states in 2016 (EU Parliament, 2017C), is a leave for fathers provided normally after a parturition independently on maternity or parental leave. This enables fathers to help mothers and their new-born children in the first days after the delivery.

Turning to EU law and the integration Storey and Turner (2014) show how the EU directives co-ordinate the maternity and the parental leave. Firstly, maternity is adjusted by *Safety and health at work of pregnant workers: Directive 92/85*. They summarise the directive requires member states to: “*introduce measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth and are breastfeeding; and give special protection to women, by prohibiting dismissal during the period from the beginning of their pregnancy to the end of their maternity leave, save in exceptional circumstances unconnected with their condition*” (Storey and Turner, 2014, 440).

Secondly, the *Parental Leave Directive: Directive 96/34* implements co-ordinations concerning the provisions of the parental leave: “*...provides that a working parent – mother or father – has: an individual right to parental leave on the grounds of the birth or adoption of a child to enable them to take care of that child, for at least three months, until a given age up to eight years to be defined by Member States and/or management and labour. The ‘conditions of access and detailed rules for applying parental leave’ are left to be defined by national law and/or collective agreement.*” (Storey and Turner, 2014, 446).

Both directives set the obligation and basic rules related to necessary protection of mothers and their babies. As they are directives, the final application is left on the member states and national laws.

## **2. Practical Section**

### **2.1. Parental Leave in the UK, Sweden and the Czech Republic**

#### **2.1.1. Introduction**

This part describes the maternity, paternity and parental leave in the UK, Sweden and the Czech Republic. It reveals how the systems work and what their specifics are. Computations, which follow, are based on these practical findings. Moreover, this section does not consider only the financial help, such as transfers from the government, but also the material and institutional support which may be provided to children or their parents.

Tax refunds for parents are not taken into account, because they do not belong to a direct financial support and are rather miscellaneous in terms of its variations depending on salaries, a size of family, an age of a child or parents' employment history. By and large, they do not have an influence on the aims of the thesis and do not touch the principal topic which is the comparison of the parental leave.

Also, each country counts leaves and benefits for different periods. The UK uses weeks, Sweden days and the Czech Republic weeks and months. The periods are used in the way countries apply them in order to provide a clear view to the systems and to not confuse the reader. It is only transformed into the same unit when the systems are compared so there could be easily distinguished the differences. The Appendix No. 1 – Computations of Parental Allowances includes the computations for all possible periods: days, weeks, months and years.

To simplify, the thesis often employs term “father” for the non-pregnant partner even though the person can be a male or female partner. Thus, “father” does not necessarily mean the person is biologically related to the soon-to-be-born child but it means the person is eligible to receive certain benefits which would otherwise pass to the biological father. This is applied only to make the paper more understandable for the reader.

Turning to the UK, some sections may differ in Northern Ireland and Scotland, if so, it is notified and the English version is described. Furthermore, the paper may sometimes refer specifics of the UK system as “British”, this reference is not completely correct

because it does not include Northern Ireland. Assuming the reader is aware of this, the term is applied in order to use the natural flow the text.

### 2.1.2. The United Kingdom

The main scheme for future parents in the UK is called “Statutory Maternity Pay and Leave”. It combines maternity and parental leave<sup>1</sup> together. The total length of the leave is 52 weeks and a parent does not have to use it all, nevertheless, mothers must take at least two weeks (four if she works in a factory) after the delivery. Normally, a mother can start the leave 11 weeks before an expected childbirth. A woman can receive 39 weeks of paid “Statutory Maternity Pay”. She obtains 90% of her weekly before-tax income during the first six weeks and £139,58 (or 90% of their weekly income if lower) during the next 33 weeks. The remaining 13 weeks are unpaid. In the light of the previous specification in chapter 1.5, the thesis considers the first six weeks as the maternity leave and the 33 weeks as the parental leave, the computations do not entertain 13 unpaid weeks. The reason is the paper assumes parent to be a homo economicus, therefore, they would rather go back to work than spend more time with their new-born child on unpaid leave. The social point of view is omitted. “Statutory Maternity Leave” may be taken by people who are employees not workers<sup>2</sup>. “Statutory Maternity Leave” is only for women. Also, applicants must earn at least £112 weekly before taking the leave and the must have worked for the employer continuously for no less than 26 weeks (Government Digital Service, 2017C; 2017D; 2017E; 2017F).

Fathers are eligible for “Paternity Leave and Pay”, which fits the thesis description of paternity leave. It is a two-week paid leave for fathers which may be taken while a mother is on her maternity leave. The pay is £139.58, or 90% of a weekly income

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<sup>1</sup> Parental leave is meant in the specifics mentioned earlier, the UK has a programme called “Parental Leave” which is distinct to meaning here. The programme allows each parent to spend 18 weeks of unpaid leave until the child’s age of 18. Government Digital Service, 2017S

<sup>2</sup> The UK Government classifies workers and employees as:

*An employee is someone who works under an employment contract* (Government Digital Service, 2017A).

*A person is generally classed as a ‘worker’ if:*

*they have a contract or other arrangement to do work or services personally for a reward (your contract doesn’t have to be written)*

*their reward is for money or a benefit in kind, for example the promise of a contract or future work*

*they only have a limited right to send someone else to do the work (subcontract)*

*they have to turn up for work even if they don’t want to*

*their employer has to have work for them to do as long as the contract or arrangement lasts*

*they aren’t doing the work as part of their own limited company in an arrangement where the ‘employer’ is actually a customer or client* (Government Digital Service, 2017B).

(whichever is lower). Similar rules for eligibility which apply for mothers going to maternity leave apply for fathers requesting the paternity leave (Government Digital Service, 2017G; 2017H; 2017I; 2017J).

Secondly, parents have another option which is called “Shared Parental Leave and Statutory Shared Parental Pay”. That can be divided between both parents and each may split the leave into three separated blocks. Additionally, both parents can take the “Shared Parental Leave” at the same time. Women who are eligible for the “Statutory Maternity Pay and Leave” may take the “Shared Parental Leave”. If their husbands or partners are eligible for “Statutory Paternity Pay” they can get “Share Parental Leave” as well. The women can also be entitled even if they reach only “Maternity Allowance” (see below). They may receive it under the condition that their partners could have the “Statutory Paternity Pay”. The shared parental leave may start when the baby is born. The first two weeks (four if the woman works in a factory) are reserved only for mothers. The pay is based on a flat rate of £139.58 or 90% of a weekly income if that is lower. However, a mother can start taking the “Statutory Maternity Pay and Leave” and after switch to the “Shared Parental Leave”. The parents can, after, divide the remainder of 52 weeks which have not been used. This would be a common practise if a father wants to participate in the parental leave and a mother does not want to lose the proportional part of the “Statutory Maternity Leave”. Thus, there is almost no difference between the “Shared Parental Leave” and the “Statutory Maternity Leave” because if the person switches after the first six weeks, which are paid more, to shared, the payments do not change. Overall it is just another term used to distinguish if both parents participate in or not. The fathers would still be entitled to use two weeks of “Paternity Leave and Pay”. However, the paternity leave must be taken as first when a mother takes the “Statutory Maternity Leave” (Government Digital Service, 2017K; 2017L; 2017M; 2017N)

For those who do not qualify for the “Statutory Maternity Leave and Pay” is available an allowance termed “Maternity Allowance”. The maximum amount could reach £139.58 per week. “Maternity Allowance” is paid for 39 weeks. However, this allowance is only for those who work, are self-employed or recently stopped working. There is also a 14-week “Maternity Allowance” for those who are not eligible for whole 39 weeks, however, the person needs to fulfil further conditions regarding mostly the person’s partner.

That implies that a student who has a baby with an unknown father is not entitled to any (Government Digital Service, 2017O; 2017P; 2017Q).

Furthermore, pregnant employees might take a paid time-off in order to go to an antenatal care. The antenatal care may include medical appointments and parenting classes if recommended by a doctor. The woman's partner has a right for two unpaid antenatal appointments (Government Digital Service, 2017R).

Having discussed the maternity paternity and parental leave the paper now focuses shortly on the other forms of social help to the parents with children. The UK recognises several various ways of such kind of help, the most important are briefly described.

Every parent is entitled to 18 weeks of an unpaid leave which can be used until child's 18<sup>th</sup> birthday. This enables parents to spend more time with their children or to help them when needed. The official name is "Parental Leave" however it has no connection to the parental leave which is considered in this paper (Government Digital Service, 2017S; 2017T; 2017U).

The "Care to Learn" is a scheme for young mothers which should help them with childcare cost while they study. Mothers must be under the age of 20 when they start their course and when they give birth. They can receive up to £160 (£175 in London) per child per week. It covers mostly a childcare provider and the travel expenses there. However, the grant is not eligible for mothers at a university<sup>3</sup> (Government Digital Service, 2017V; 2017W; 2017X).

Next, there are long term allowances available as benefits for a student-parent. One of them is a "Childcare Grant" which is for parents with children under 15. It enables parents to claim 85% of the childcare costs. The amount depends on the household income and the costs of the childcare as well as the number of children in the household. The amount is for a current academic year up to £155 a week for a child and up to £266 for two or more children. However, the amount changes every year, so it cannot be something on which parents could make long-term decisions. The applicant needs to be a full-time

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<sup>3</sup> Other conditions are regarding the nationality, residency and the attended course (Government Digital Service, 2017X).

student and must not be getting the postgraduate loan (Government Digital Service, 2017Y; 2017Z; 2017AA).

Parents who receive other forms of support (usually Tax Credit and Income Support)<sup>4</sup> might be eligible to receive several other provisions which are now listed.

One of such provisions is a possibility of free school meals for children whose parents already receive the previously mentioned form of support (Government Digital Service, 2017AB).<sup>5</sup>

“Healthy Start” is a scheme for pregnant women and mothers who have a child under the age of four to help them purchase basic foods. It is granted in a form of vouchers which can be used in specified shops. One voucher has a value of £3.10. Pregnant women and mother with a child aged between one and four can receive one voucher a week. Two vouchers are intended for mothers of a child under an age of one. Additionally, mothers who are under 18 have a right to obtain vouchers regardless of other conditions (Government Digital Service, 2017AC; 2017AD; 2017AE).

Turning to the institutional support, parents in the UK can take advantage of free childcare and education for children from two to four years old. They can attend a childcare or educational institutions up to 570 hours per year that is 15 hours a week during the 38-week school year (Government Digital Service, 201AF). Later, every child<sup>6</sup> between the ages of 5 and 16 is eligible for free education at state schools. Further education and universities are paid (Government Digital Service, 2017AG).

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<sup>4</sup> The government lists that parents have right to receive such benefits if they get any of the following:

*Income Support*

*income-based Jobseeker's Allowance*

*income-related Employment and Support Allowance*

*support under Part VI of the Immigration and Asylum Act 1999*

*the guaranteed element of Pension Credit*

*Child Tax Credit (provided you're not also entitled to Working Tax Credit and have an annual gross income of no more than £16,190)*

*Working Tax Credit run-on - paid for four weeks after you stop qualifying for Working Tax Credit*

*Universal Credit (Government Digital Service, 2017AB).*

<sup>5</sup> Northern Ireland and Scotland have different schemes (Government Digital Service, 2017AB).

<sup>6</sup> Northern Ireland, Scotland and Wales have different schemes (Government Digital Service, 2017AG).



“Sure Start Maternity Grant” is a one-off payment of £500 which helps mothers with the costs of having a child at the stage of pregnancy or in first 11 weeks after the delivery. It is for mothers expecting their first child or a multiple birth (Government Digital Service, 2017AH; 2017AI).

Full-time students who have children may have a right to a grant helping them with their learning costs. It is called “Parents Learning Allowance” and the grant is up to £1,573 for 2016/2017 academic year. The allowance applies mostly for full-time undergraduate courses<sup>7</sup> at the universities. No condition restricts the age of the applicant (Government Digital Service, 2017AJ; 2017AK; 2017AL).

To summarise, the UK offers all three options: maternity leave, paternity leave and parental leave too. Regardless of the official names, the thesis considers the first six weeks as a maternity leave, because that is the proportional part which can be taken only by the mother. Hardly would a mother choose to receive lower pay in these six weeks. Therefore, one can assume that every mother starts the “Statutory Maternity Leave” and after switches to the shared modality if parents want to split. The remaining 33 weeks are considered as the parental leave because parents can divide them however they wish. Paternity leave has exactly the same meaning in the UK law as in this thesis so the two-week paid leave is assumed as paternity leave. The summary is shown in the Table No. 1 which is after used in the comparison of the systems. Similar assumptions are made in cases of Sweden and the Czech Republic.

Table No. 1 – Maternity, Paternity and Parental Leave in the UK

	<b>Maternity</b>	<b>Paternity</b>	<b>Parental Leave</b>
Length	6 weeks	2 weeks	46 weeks
Eligibility	Mother	Father	Both
Payment	90% of an income	£139.58/week	33 weeks - £139.58/week 13 weeks - unpaid

*Source: Summarised and modified data from several cited sites of Government Digital Service*

The other benefits concerning children are mostly focused on childcare and education and there is a little interest in benefits related to basic needs such as food and a place

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<sup>7</sup> Nevertheless, it is necessary to highlight that the tuition fees for undergraduate in the England are up to £9,250 (which is an amount that majority of universities charges) for English students, different fees apply in Scotland, Northern Ireland and Wales (The Complete University Guide, 2017).

to live in and the costs of having a child in general. On the other hand, the system helps student-parents with their costs of education, however, it is important to mention that the costs of education in England are significantly higher than most of the EU (Quacquarelli Symonds, 2017). Thus, this support is more a reduction of previously implemented costs than a real benefit. For many may be alarming a situation when a single student who delivers a baby and is not eligible for any form of maternity or parental leave and financial help she receives is the “Sure Start Maternity Grant” at the value of £500 (Government Digital Service, 2017AM). The uniqueness of the system lies in the six-week maternity leave owing to the unlimited payment. Commonly any social policy benefits are capped at a certain amount. It may be thought the higher amounts are not necessary so it is not important to provide such instruments for high-income people, however, this shows the principle of equivalency which liberal social states, including the UK, use.

### 2.1.3. Sweden

The Swedish system is characterised by one main scheme which includes several benefits connected to parental leave and pay. Parental leave consists of 480 days which all are paid and every parent may receive it in a certain form. These 480 days are split into two parts; the first part has 390 days during which the benefits are based upon a previous income and remaining 90 days are paid at a minimum level.

To begin with, the proportional benefit is called “Sickness Benefit Level” (Försäkringskassan, 2017A). Each parent has 90 days at the “Sickness Benefit Level” for herself or himself. In other words, one person may take a maximum of 300 days at the “Sickness Benefit Level” and the other partner must use 90 days otherwise they lose them. The remaining 90 days at the minimum flat rate can be used by any of the partners with no further restrictions. To summarise, each partner has 90 days which cannot be transferred to the other parent. Together, they have 210 days at sickness level and 90 days at the minimum level which may be variably transferred between them. This is well described in Table No. 2 from Försäkringskassan (2017A).

Table No. 2 – Parental Allowances in Sweden

	Parent 1	Parent 2
Days at sickness benefit level that can be transferred	105	105
Days at sickness benefit level that cannot be transferred	90	90
Days at the minimum level (SEK 180 per day) that can be transferred	45	45
Total	240	240

*Source: Försäkringskassan, 2017A*

All parents are entitled to “Sickness Benefit Level” regardless of their previous employment, which influences only the receiving amount. Those who worked at least 240 consecutive days before an expected childbirth gain a benefit equal to 77.6% of their previous before-tax income. The payment is capped at 942 SEK a day. In contrast, those who did not work 240 consecutive days before the expected delivery are eligible for a flat payment of 250 SEK. In case they had any income before, however, it was not applicable in 240 days before the childbirth, they are entitled to take the proportional income after 180 days. That means to have the proportional income for the remaining 120 days in case the other partner would use only 90 days. In case they did not have any income or their benefit would be lower than 250 SEK, they obtain the payment of 250 SEK per day

at “Sickness Benefit Level”. When the “Sickness Benefit Level” is fully used up parents continue with the minimum level benefit of 180 SEK a day as well as others. Moreover, parents who live without a partner are eligible for all 480 days, which means they receive also 90 days which were reserved for the other partner. A variability is that parents could take only 12.5%, 25%, 50% or 75% of the benefits and hence lengthen the leave, however, this would not influence the total amount received, neither the results of the thesis and therefore, it is not taken into consideration (Försäkringskassan, 2017A). A parent can start taking the leave and benefits 60 days before the expected delivery (Försäkringskassan, 2017B). To spend time together, parents might also use 30 double days, which are days when both parents are on the leave at the same time (Försäkringskassan, 2017A).

On the question of a full-time student, even a student who has never worked and has not contributed at all to the social system is eligible for the parental benefits. Nevertheless, they cannot receive the benefits if they attend a school. They can study only distance learning programme, otherwise they must interrupt their studies (Försäkringskassan, 2017A).

Furthermore, Swedish government provides incentives to share the parental leave equally. A benefit called “Gender Equality Bonus” offers additional 50 SEK to parents for every day they share equally above the compulsory limit of 90 days. The bonus could be taken for 270 days in 2016. Which means that if each parent spends on leave at least 225 days (90+135) they may receive the maximum. Then, for equally shared leave the bonus reaches the maximal amount of 13,500 SEK (135x50x2). Nonetheless, the bonus is not valid for double days so when parents take double days the bonus would be 10,500 SEK (105x50x2) (Försäkringskassan, 2017C).

Turning to pregnancy, if a pregnant woman cannot perform her job because it is too physically demanding or she works in a risky working environment she might get an additional leave and benefits. Pregnancy benefits can be taken up to 60 days before expected parturition and in the last ten days starts the normal parental leave. The compensation is similarly 77,6% of the income, however, here it is capped at 709 SEK daily. Critics could argue that there is no reason for additional leave since the woman could start to use the parental leave 60 days before the delivery. But this enables women who would otherwise be willing to work to enjoy full parental leave after. Also, she

would have to go back to work earlier than the other women and if she has a physically demanding job she might not be able to perform as desired so early after the childbirth. Moreover, women can use it partly, for instance, they may work part time and in the remaining time receive the benefits. To prevent the misuse of the pregnancy benefits, there is a condition that the woman must first apply to her employer to be moved to another safer place and only when that is not possible she is allowed to apply for the pregnancy benefits (Försäkringskassan, 2017D).

The non-pregnant partner has, additionally, right for “Temporarily Parental Benefits” which is a leave lasting ten days; the same rules as for the “Sickness Benefit Level” apply for the payment. It cannot be taken later than the 60<sup>th</sup> day since returning home after the delivery. The reasons for this are to give the father the opportunity to be at the delivery or to take care of the family at the time of the pregnancy and right after. Similarly, as at the other benefits, a parent can take only part of the benefit. The number of days changes if a mother delivers doubles or triples, however, this is rare and it does not influence the way how the system works and therefore, it is not taken into consideration (Försäkringskassan, 2017E).

Likewise the UK, Sweden has others benefits further to having a child and maintaining families with children. These are now discussed.

Firstly, “Child Allowance” is a basic scheme available for every family who is insured and lives in Sweden. Without further conditions, a family is eligible to 1,050 SEK (525 SEK for a single parent) monthly per child. Families receive this support until the child turns 16. This support is neither means-tested nor income-tested. Larger families receive additional supplement which moderately increases with the number of children (Försäkringskassan, 2017F).

Secondly, Swedish municipalities offer pre-school for children from one to five years old. The schools are subsidised and the payment that parents need to carry depends on the situation of the household (whether the parents work, study, search job or are on parental leave with another child), nevertheless the fee should never be more than 1,287 SEK per month. Schools from 6 to 19 are completely free of charge with free lunches automatically included (Swedish Institute, 2017A and Swedish Institute, 2017B).

What is more, some cities in Sweden such as the capital, Stockholm, offer free public transport for people with prams. That allows parents to fully care about their children at all time (Swedish Institute, 2017A).

Even though the thesis does not intend to describe all benefits which are in the social system, it needs to show the important ones if the condition is having a child, even though they may not seem relevant. Therefore, it must consider the housing allowances in Sweden despite not mentioning them in the case of the UK and the Czech Republic. Sweden has a benefit termed “Housing Allowance for Families with Children” which is for families who pay more than 1,400 SEK per month for their housing. The support depends on the family income, a size of the housing, number of children as well as the rent for housing but a fundamental condition is that the family seeking the allowance must have the annual income lower than 328,000 SEK (Försäkringskassan, 2017G).

To conclude, the Swedish main scheme offers all three institutions (maternity, paternity and parental leave) as one. The main part of the leave is proportional and the smaller one is flat. The system ensures that every family receives some form of benefits irrespective of their employment status. The uniqueness of the system lies in the length of the paternity leave. The principal use-or-lose secure that each parent spends at least 90 days on the leave, moreover, fathers have additional ten days which cannot be used by the mother which leads to an unconventional result: the period earmarked only for mothers is shorter than a period for fathers. Obviously, mothers may probably take a larger portion of the transferable part, nonetheless, those 100 days for fathers ensure they are able to spend enough time with their families right after the parturition. Using the conditions set at the beginning, maternity leave consists of the 90 days reserved for mothers because it fits the maternity leave requirements: only mothers can use it, the payment is proportional and it starts at the pregnancy. As stated, paternity is the leave only for the father which is in this case 100 days. What is left is considered as the parental leave, it covers 300 days out of which 210 are paid proportionally to the salary. The table No. 3 summarises the scheme similarly as in the case of the UK.

Table No. 3 – Maternity, Paternity and Parental Leave in Sweden

	<b>Maternity</b>	<b>Paternity</b>	<b>Parental Leave</b>
Length	90 days	100 days	300 days
Eligibility	Mother	Father	Both
Payment	77.6% of an income (250 – 942 SEK/day)	77.6% of an income (250 – 942 SEK/day)	210 days – 77.6% of an income (250 – 942 SEK/day), 90 days – 180 SEK/day

*Source: Summarised and modified data from several cited sites of Försäkringskassan*

The other benefits concerning children are also based on general provisions and benefits to the majority of people. The typical example of this is “Child Allowance” which is provided to every family with children under 16 irrespective of income. Furthermore, pre-schools are subsidised which allows parents to work even at early stage of their parenthood. Entire elementary education is completely free of charge including lunches for students. Families who suffer from lack of means may also receive housing allowances which are only for families with children. Also, the system considers pregnant women who have a physically demanding job or could be in danger during their pregnancy. They have a right to better working conditions during their pregnancy and if that is not possible they receive special pregnancy benefits. Overall, the benefits are created to cover everyone and give special care to those who are in need. Nonetheless, one cannot simply state the system is strictly solidary, it has elements which tend to be equivalent such as the proportional parts of the parental benefits.

### 2.1.4. The Czech Republic

The Czech social policy system distinguishes maternity leave and parental leave. Currently, there is no paternity leave in any form.

Maternity leave is based on health insurance and therefore it is only for those who are insured. Insurance is compulsory for employees and voluntary for self-employed which means that, for example, students and unemployed are not eligible to obtain maternity leave and benefits. To protect future mothers, there is a period of protection in the length of 180 days. The measure means that a pregnant woman who lost her insurance while she was pregnant might still be entitled to the maternity in the following 180 days. Having been insured at least 270 days in the last two years a woman has a right to obtain maternity leave and benefits. The maternity leave lasts 28 weeks (37 for twins, triples, etc.). It starts from six to eight weeks before the expected childbirth. Part of the maternity may be taken by a father but that is rare and it would not influence the results of the thesis and therefore it is not taken into consideration. The pay is equal to 70% of a reduced untaxed salary. The salary is reduced with three reduction limits. The amount which is up to the first limit is counted whole, the difference between the first and second limit is counted by 60%, similarly, the amount between the second and third limit is counted by 30% and anything that is over the third limit is not considered at all. The computations use a day salary<sup>8</sup>. The table No. 4 summarises the reduction limits and their compensations (ČSSZ, 2017A) (MPSV, 2017A).

Table No. 4 – Reduction Limits in the Czech Republic

Reduction limit	Amount	Counted
1.	< 901 CZK/day	100%
1. – 2.	< 901 CZK/day < 1,351 CZK/day	60%
2. – 3.	< 1,351 CZK/day < 2,701 CZK/day	30%
3.	2,701 CZK/day <	0%

*Source: MPSV, 2017A*

To illustrate this, if a woman earns a monthly before-tax salary of 100,000 CZK. Her daily income is 3,288 CZK (100,000x12/365). Her reduced wage would be then

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<sup>8</sup> Czech salaries are given monthly and for the purpose, the month salary is timed 12 and divided by 365.



1,576 CZK  $(901+(1,351-901)\times 0.6+(2,701-1,351)\times 0.3)$ . This would imply the maternity 1,104 CZK/day  $(1,576\times 0.7)$ .

In contrast, parental leave is a benefit equal for everyone and there is no condition concerning previous employment status. Every couple or a single parent is eligible to receive a total amount of 220,000 CZK. Both parents can participate and they can also switch with each other during the parental leave. No double days are allowed. Also, parents cannot receive the entire sum at once. The maximal amount which a parent can receive monthly is restricted depending on the parent's income and the minimal amount of the total length because parents must use the parental leave until the child turns four. The maximal payment is computed from a multiplication of the before-tax daily wage. Thus, 70% of a daily salary multiplied by 30 gives the maximal amount a parent can take monthly. There are no reduction limits for computing this sum. For instance, if a person's daily wage is 454 CZK, the maximal monthly paternal leave is 9,534 CZK  $(454\times 30\times 0.7)$ . Moreover, the amount is capped at 11,500 CZK per month. That gives 19 months of a parental leave. If a woman did not have a right to maternity leave before, she can choose neither the length nor the payment of the parental leave and she must get parental leave for 48 months (until the child turns four years old). During the first nine months, she receives 7,600 CZK monthly and in the course of remaining 39, she obtains 3,800 CZK every month (MPSV, 2017B).

In other cases, the minimal amount is 5,116 CZK which gives a length of 43 months. Together with the maternity leave, it gives a time which is equal to the child's age of four (MPSV, 2017B).

If a parent is taking the parental leave the Czech law requires them to fully care about the baby, which means that a child under the age of two may attend a childcare institution only up to 46 hours per month. In this condition, the baby receives full attention from the parents (MPSV, 2017B).

Turning to other benefits, some families may receive a one-time payment termed "Birth Support" worth 13,000 CZK for the first child and 10,000 CZK for the second one. Yet, there is an income-tested condition which says that a family applying for this grant should not have income exceeding 2.7 multiple of the minimal standard of living which was 4,880 CZK for one person with a baby, 7,710 CZK for a couple with a baby in 2016.

Thus, a family of two parents would have to earn less than 20,817 CZK (7,710x2.7) and a limit for a single parent is 13,176 CZK (4,880x2.7) (MPSV, 2017C) (MPSV, 2017D). Additionally, this does not apply for students who live with their parents because parents have the responsibility for them and therefore they cannot receive the benefits (MPSV, 2017B).

Similarly, parents might be eligible for the “Child Benefits” which are counted again from the minimal standard of living. In this case, it is multiplied by 2.4 and if family’s income does not exceed this limit, the family is eligible for the benefit. The amount varies depending on the child’s age. The variations are in Table No. 5 from Ministry of Labour and Social affairs (MPSV, 2017E).

Table No. 5 – Child Benefit in the Czech Republic

Age of a dependent child	Benefit
< 6	500 CZK/month
6 – 15	610 CZK/month
15 – 26	700 CZK/month

*Source: MPSV, 2017E*

Concerning the educational institutions and their provision by state, preparatory school are operated and subsidised by town and local municipalities. They are meant for children between the ages of three and six. Parents need to partly pay the services. The fee depends on a decision of a town council. Therefore, it is not completely clear how much a preparatory school costs because it may basically vary in every town. There are several websites for parents summarising available data. One of them is “Nej Školy” (2017), which claims that, by and large fees range from 400 CZK to 1000 CZK per month, food is not included. Some could question the reliability of such sources, nonetheless, this piece of information is only supplementary and these websites providing practical information are at the end normally correct because are created by people (possibly parents) who are passionate about the topic. The year before the child should enter the primary school is free of charge.<sup>9</sup> Primary and secondary schools are free, as well as higher education, universities included. The food at state educational institutions although it needs to be paid, it is subsidised (MŠMT, 2017).

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<sup>9</sup> In case a child did not attend any preparatory school before, fees apply.

To summarise, Czech social system provides maternity leave which is 28 weeks long. The payment is proportional but reduced by three limits and capped at 1,104 CZK for the year 2016. Only mothers who worked more than 270 days in last two years may receive the benefit; they should also be employed and paying insurance. Self-employed mothers are also eligible. Parental leave is given equally to every family. They obtain 220,000 CZK, which has to be divided into at least 19 months. Maximal length is 43 months (48 if a mother was not eligible for maternity leave). Czech system does not recognise paternity leave and its benefits in any form. The summary is described in Table No. 6.

Table No. 6 – Maternity, Paternity and Parental Leave in the Czech Republic

	<b>Maternity</b>	<b>Paternity</b>	<b>Parental Leave</b>
Length	28 weeks	-	19 – 43 (48) months
Eligibility	Mother	Father	Both
Payment	0 – 1,104 CZK/day	-	220,000 CZK in total 5,116 (3,800) – 11,500 CZK/month

*Source: Summarised and modified data from several cited sites of MPSV and ČSSZ*

There are also other benefits connected to children. Among such belongs the “Birth support” which is for the first two children in the family, however, this is only for those families who have very low income. Similarly, there is a child support which should also help the families most in need. That varies with the age of the children. Pre-schools are subsidised and parents contribute partly for the service. The last year at a pre-school is for free for most children. Education starts at age of six and is free of charge including universities until the age of 26. Food at these institutions is paid by parents but subsidised by the state.

In conclusion, the Czech system of childcare seems to be solidary and covering everyone. On the other hand, it is capped at lower amounts and does not give enough space for proportional benefits. There are also benefits for the ones with the lowest income to provide them with enough means for childcare. It is also striking that the system is specific by its extremely long parental leave which enables the mothers to take care of their children but also partly forces them to stay out of work. Lastly, its distinction is in no paternity leave. Paternity leave is missing only in seven EU states (European Parliament, 2017C). There is a common trend in EU to involve fathers in taking care of their babies right after the leave. However, Czech system seems to be resistant to it.

### 2.1.5. Theoretical Comparison

Immediately, a reader can recognise the contrasts and dissimilarities between three delineated social policy systems. Not only do the parental policy schemes differ in the pregnancy and after-birth allowances but also in the child benefits and educational provisions which follow the parental leave. This may be caused, to a certain degree, other specifics of each social policy. For instance, the UK offers schemes to support student-parent in their studies, however, this is not unnecessary in the Czech Republic where education is free of charge. Another example is that Sweden offers subsidised pre-schools since a child turns one, in contrast, the Czech Republic offer similar schools but mostly at age of three because parents may use long maternity and parental leave. Thus, some differences are given by other variables in the social policy and cannot be directly assumed that more benefits and allowances mean more help for the parents and their children.

On the other hand, the three main compensation schemes (maternity, paternity and parental leave) were adjusted by the same methodology and are themselves the foundations of the child allowances system. This implies, there should not be much space for challenging the comparisons. Tables No. 7 and No. 8 compare the length of the leaves and whether the benefits are proportional and capped. Currently, the comparison does not consider the amount of money received. Firstly, it would not give any correct values because it would be just absolute numbers which would not say much about the real benefits in comparison with a price level. Secondly, the computation part counts this on replacement rate to the average net wage.

Table No. 7 – Comparison of Leaves Length

<b>Length</b>	<b>The UK</b>	<b>Sweden</b>	<b>The Czech Republic</b>
Maternity	42 days	90 days	196 days
Paternity	14 days	100 days	0 days
Parental l.	231 days - paid 91 days - unpaid	300 days	578 days - 1308 days (1460 days) <sup>10</sup>

*Source: Summarised and modified data from several cited sites of Government Digital Service, Försäkringskassan, MPSV and ČSSZ*

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<sup>10</sup> In the case of no maternity leave.

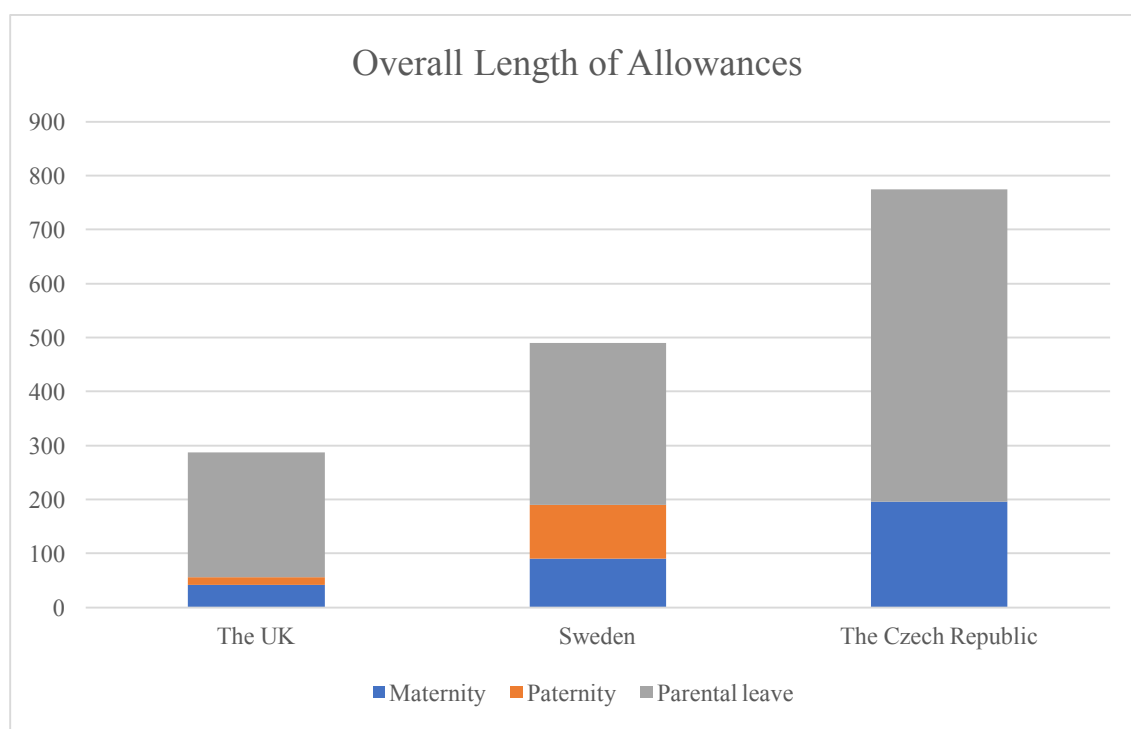
Table No. 8 – Comparison of Benefits

<b>Payment</b>	<b>The UK</b>	<b>Sweden</b>	<b>The Czech Republic</b>
Maternity	Proportional and not capped	Proportional but capped	Proportional but reduced with increasing salary
Paternity	Flat amount	Proportional but capped	-
Parental l.	231 days - flat amount 91 days - unpaid	210 days - proportional but capped 90 days - flat amount	Flat final amount

*Source: Summarised and modified data from several cited sites of Government Digital Service, Försäkringskassan, MPSV and ČSSZ*

The Table No. 7 reveals the vast differences between the lengths of the leaves. One can see the maternity leave and parental leave are indisputably longest in the Czech Republic which has four times longer than the UK and twice longer than Sweden. In contrast, the Czech Republic is the only country which does not provide paternity leave at all while Sweden has paternity leave six times longer than the UK and twice longer than UK maternity leave. Even more remarkable is the fact that Swedish paternity leave is longer than its maternity leave. The parental leave is again, by far, longest in the Czech Republic. Considering only the parental leave length Britain has the similar amount of days as Sweden but altogether the British system has the shortest leave. This is illustrated by Chart No. 1.

Chart No. 1 – Overall Length of Allowances



Source: *Appendix No. 1 – Computations of Parental Allowances*<sup>11</sup>

Looking at the payments, it is seen that systems use various and sundry principals. Czech social policy in does not seem to be proportional. Parental leave is based on the flat final amount which is the same for every family. Maternity benefits are party proportional, nonetheless, there are reduction limits which reduce benefits with growing income, there is also the ceiling for the maximal possible amount. By contrast, the British social policy offers maternity leave which is not capped at all. However, there is a completely different story concerning parental and paternity leave, both of which are given by flat amount. What is more, the UK is the only country which has a part of the leave completely unpaid. It suggests the British give the six-week proportional leave as something that is necessary for the mothers and their children and the following week might be understood as a voluntary holiday which is, however, not crucial for the state of health of the mother or future development of the child who may attend childcare facilities. Parental leave is then more an option given to parents than a necessary provision for the society. By contrast, the data implies that parental care is understood differently in the Czech Republic because even the shortest possible period together with maternity

<sup>11</sup> In the case of the UK is assumed only paid part of the leave and the Czech Republic considers the shortest possible period.

leave exceeds two years. That is supported by a flat amount which should probably ensure sufficient means under the condition the other partner works. Somewhere in between is Sweden which has a partly proportional system with a ceiling and partly flat rate benefits. More than four-fifths of the all leaves together is proportional that should imply similar policy as in the Czech Republic. On the other hand, there is also given space to extend the leave with the flat rate. This is the part which might not be assumed as necessary. Lastly, the schemes look differently on the father's role in the family. Sweden gives a long paternity leave ensuring the father participates actively in raising his children since an early age. These measures indicate typically Swedish equal gender policies whereas the Czech system leads to historic division of the roles in the families. Surely, one could argue the parental leave could be taken by the father, which is completely relevant fact, however, the data from Czech Statistical Office reveals that less than two percent of parents on parental leave were men (ČSÚ, 2017A). The UK has a parental leave which enables fathers to take care of mothers and the baby after the parturition when the mother may be physically weakened.

A world of difference is between the three systems in the provision for the student-mother, assuming she lives without the child's father. British system does not provide the mother with any form of maternity or parental leave and she has the right only for few grants, but nothing systematic. Swedish system, on the other hand, gives mothers the parental leave under the condition they would not attend full-time study programme. The most unrestricted behaviour to the student leads from Czech scheme, which limits only the amount of hours a child can spend in a childcare institution.

In conclusion, the systems differ in both, the length of the leave and types of benefits. With this data, every country reveals its opinion about the necessity of the leaves, leading to the question whether the state policies are aimed to help families, whole society or overall state and if these policies tend to be equal in terms of gender. So far, it is possible to believe that the leaves and benefits have by large more differences than similarities.

## **2.2. Computations of Allowances**

### **Standardised Families**

In order to see how the systems work, which advantages and disadvantages they contain and to whom they might be favourable, it is insufficient to use only pure descriptions and to theorise about the models. If well-presented, the numbers could reveal much more than general theory can do. So, the paper's main point is to examine the systems on the basis of five standardised families. They cover a wide range of life situations and represent families with diverse salaries and social needs.

There are few characteristics which all families have in common and few assumptions which are used for the calculations:

- 1) They all live in a capital because some countries apply different taxes for salaries depending on the district.
- 2) The soon-to-be-born baby will be the first born in the family, due to possibly different allowances if the baby is not the first born.
- 3) None of the families has so far taken any welfare benefits and if families are eligible, the benefits are not considered for the calculations. Otherwise, it would not be possible to examine the varied parental leave among the countries.
- 4) Also, any benefits which are not directly connected to the baby are not later considered in the computations. Failing that, the results would not describe parental leave and thus would be inaccurate.
- 5) The computations do not acknowledge allowances in connection to kids after parental leave however, these were theoretically described. Again, the results would be inaccurate for the comparison between parental leaves and parental benefits.
- 6) Any advantages in pensions resulting from having a baby are not recognised either and are not theoretically described. Obviously, these policies may change significantly through time and no one can count on them.



In the first case, the mother is an 18-year-old student who has never worked and the father of the child is unknown. She represents the most vulnerable persons in the social system. The differences show how the social system behaves to those who have not contributed to the system but desperately need the help, both, financial and institutional. This family is indexed as “A”.

Secondly, there is a low-income family where both parents have a job and each of them earns equally 50% of the average gross wage. This example shows how the social system reacts to the families who already contributed to the system even though it did not reach the average. This family (“B”) also belongs among the ones who are in need and therefore the reader can see how the social system helps those people.

The third type is a middle-income family. The mother’s salary is 75% of the average and the father has 125% of average so together they earn the same as the fourth family. The purpose is to see how the system reacts if the parents do not reach equal salaries. The family is quoted as “C”.

The next family is similar to the previous one. It is also a middle-income family where both parents earn the average gross salary. This should describe the most common income-type family (“D”). Above all, this should be the example where the family might be indifferent in all three countries. Though assuming the countries have diverse systems, they could possibly meet where the average salary is. In theory, the system could be similarly beneficial for an average-income family in all three states.

The last represented type is a high-income family (“E”) where the father of a child earns more than the mother. The mother’s income is double of average gross wage and the father earns four times more than the average. This enquires whether the systems tend to be more equivalent or more solidary. These conditions also show if the systems are proportionally even for high-income families or whether benefits for them are capped at a certain amount.

Two of the standardised families are in a format where a father earns a higher salary than his partner. The reason for this is to see how the system behaves in a situation of unequally distributed income in the family and whether the systems tend to be stereotypical to the family role of a man and woman. The paper does not support

nor does judge this income division or any gender stereotypes but it tries to simulate the real-life situations where one can observe such inequalities. For instance, Czech Statistical Office shows data on average gross monthly earnings stating that women earn only 78% of men's salaries in the Czech Republic (ČSÚ, 2016).

The summary of the parents' salaries as the percentages of the average wage in the countries is shown in Table No. 9 – Standardised Families.

Table No. 9 – Standardised Families

Family	A	B	C	D	E
Mother	0%	50%	75%	100%	200%
Father	-	50%	125%	100%	400%

*Source: Author's own calculations, values as a percentage of an average salary*

### **2.2.1. Methodology**

Two different approaches are studied. Firstly, the father takes the minimal leave and secondly, the families divide the parental leave as equally as possible. In other words, the first case exemplifies the situation where the father takes only the leave which he is entitled to and cannot be taken by his partner. It is important to state that he accepts the leave even though it may not be financially advantageous for him. This reveals if the system supports fathers in taking part of the parental leave or not. It also shows whether it is worth for the families to divide it equally or just assign the one who earns less<sup>12</sup> to the parental leave.

Each country uses different periods to compute the leave. The UK calculates with weeks, Sweden with days and the Czech Republic with weeks and months. Calculations for all possible periods (days, weeks, months and years) may be seen in the Appendix No. 1. For the comparison, the thesis describes proportional values to salaries thus length is not important. When comparing length in absolute terms, a period is specified. If the scheme is given in months, the calculation is: number of months multiplied by 12, divided by 365, multiplied by 7. Years and days are counted likewise.

The computed benefits are not rounded but results are presented as whole numbers. In the case of Czech Republic, when computing the shortest leave the number of months is rounded down in order to get the highest benefit during the shortest possible period. It is thought the parents could take only whole months and thus the small amount missing to 220,000 CZK is left aside.

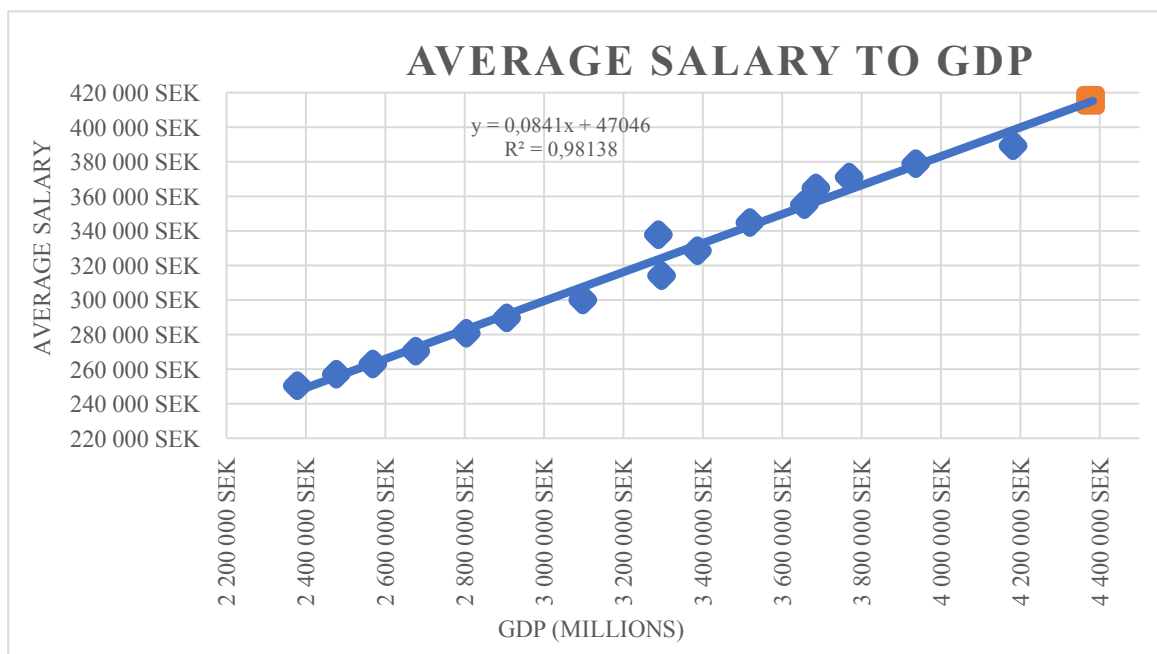
All computations and charts are part of the research and thus originally created for this purpose. They are based on the theoretical evidence of the social schemes of each country. The data and calculations are available in the Appendix No. 1 which is in Excel sheet format.

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<sup>12</sup> For the computation is assumed the woman in family “C” and “E” earns less. See chapter 2.2.1 Standardised families.

Due to state policies, the thesis uses average gross salary for the computations. The average gross salaries are taken from Czech Statistical Office for Czech Republic (ČSÚ, 2017B), Office for National Statistics in the UK (ONS, 2017). The average salaries are taken for the whole year 2016. However, the paper had to tackle an issue regarding missing data of the average wage in Sweden for the year 2016. OECD (2017A) has currently (March 2017) the data for 2015 and Swedish official statistic provides only data separately for each sector, such as governmental sector, county councils, municipalities and manual and non-manual workers in the private sector (Statistiska Centralbyrån, 2017A; 2017B; 2017C; 2017D). Therefore, the salary was computed with a regression based upon an average wage from previous years (OECD, 2017A; 2017B) correlated with the GDP from previous years. Chart No. 2 shows computed correlation and the final year income 415,284 SEK which is equal to 34,607 SEK a month. This data and computations are available in Appendix No.1 on sheet “SWE-Average salary”.

Chart No. 2 – Average Salary to GDP in Sweden



*Source: Author's own calculations, see Appendix No. 1, input data from OECD 2017A and OECD 2017B*

The net salaries were calculated with the help of Income Tax Calculators, every result was confirmed at least by two different calculators.

The UK changes its tax year in April. Hence tax year 2016/2017 was used to calculate the net average wage (Government Digital Service, 2017AN).

Unpaid leaves are not considered because parents would be worse-off and thus it would not be rational from an economic point of view.

In the second case when parents divide the leave, it is assumed they split only parental leave and the length of maternity or paternity does not influence the division. If the divided period is an odd number, mothers take a longer period.

Other provisions, apart from maternity, paternity and parental leave and pay are not considered in the calculations. The reason is that the comparisons would not provide readers with a clear view on the schemes.

The thesis omits the difference between the terms “wage” and “salary”. Commonly in the UK, the term “wage” is associated with blue-collar workers who are paid weekly depending on hours worked whereas the term “salary” implies a white-collar employee whose income is quoted annually and paid monthly (Cambridge Dictionary, 2017A; 2017B). Nonetheless, this fact has no impact on the results and generally aims of the thesis and to distinguish between them could confuse a reader. Therefore, the terms are used indiscriminately.

A part of UK parental scheme is proportional and capped at £ 139.58. When referring to that provision it is termed as a flat-rate benefit and the fact that it is proportional is left aside. The reason is that the extremely low ceiling leads to the situation where all four families having an income (“B”, “C”, “D”, “E”) exceed the ceiling and thus have the flat-rate benefit.

A crucial point is the comparison of the benefits, however, owing to the different rates of benefits throughout the leave and partly mixing provisions of diverse amounts, the paper must count the average allowance per given periods. That means the total amount of benefits is summed as well as the overall length, and they are after divided so it gives the average benefit the parents get during the time they are out of work.

In connection with the results, the calculated benefits are examined twice to give relative values and to draw a comparison between them. The principal values to judge the results are then the replacement rate of the net average income and the comparison of the average net salary in the country. Both are given as a percentage, then, in a relative form.

It is though the relative terms are more convenient to compare the countries. Firstly, they show how well can people live with the benefits in contrast to the average. Next, it provides the view if people can maintain their life standard after they enter the leave. It is also assumed the net values are more appropriate because the benefits should be seen from the point of view taken by the parents. Hardly the parents care about how much benefits do they receive in contrast to their gross salary. The difference between the net income and the benefits is of a particular interest to parents. Figuratively speaking, they wonder what the final amount of the money coming to their bank account would be.

Concerning the replacement rate, it is counted as a division of the received money from benefits and money missed from not attending work. When computed for families, it calculates the proportional parts of benefits and missing salary for each parent.

## 2.2.2. The United Kingdom

The British system is delineated in tables No. 10 and No. 11. It shows a maternity leave (6 weeks), a paternity leave (2 weeks) and a paid parental leave (33 weeks), which are calculated from salaries of the families. The salaries are also included in the tables. The highlighted yellow parts show the family where both parents earn an average income. The unpaid 13 weeks are not considered.

Table No. 10 shows the situation where a father takes only two weeks of the paternity leave while the mother takes entirely the parental leave. In contrast, table No. 11 describe families who divided the parental leave almost equally, a mother gets 17 weeks and a father gets 16 weeks.

Table No. 10 – Benefits for Parents in the UK – Not Divided Parental Leave

Family		Gross salary	Net salary	6 weeks	33 weeks	2 weeks	Total received	Total length	Average received	Replacement rate of the net salary	Compared to the average net salary
		weekly	weekly	weekly	weekly	weekly		weeks	weekly		
A	Mother	£-	£-	£-	£-	£-	£-	0	£-	N/A	0%
B	Mother	£252	£232	£226	£140		£5 964	39	£153	66%	38%
	Father	£252	£232			£140	£279	2	£140	60%	35%
C	Mother	£377	£317	£340	£140		£6 643	39	£170	54%	42%
	Father	£629	£488			£140	£279	2	£140	29%	35%
D	Mother	£503	£403	£453	£140		£7 322	39	£188	47%	47%
	Father	£503	£403			£140	£279	2	£140	35%	35%
E	Mother	£1 006	£727	£905	£140		£10 039	39	£257	35%	64%
	Father	£2 012	£1 291			£140	£279	2	£140	11%	35%

Source: Author's own calculations, see Appendix No. 1

Table No. 11 – Benefits for Parents in the UK – Equally Divided Parental Leave

Family		Gross salary	Net salary	6 weeks	17 weeks	16+2 weeks	Total received	Total length	Average received	Replacement rate of the net salary	Compared to the average net salary
		weekly	weekly	weekly	weekly	weekly		weeks	weekly		
A	Mother	£-	£-	£-	£-	£-	£-	0	£-	N/A	0%
B	Mother	£252	£232	£226	£140		£3 731	23	£162	70%	40%
	Father	£252	£232			£140	£2 512	18	£140	60%	35%
C	Mother	£377	£317	£340	£140		£4 410	23	£192	60%	48%
	Father	£629	£488			£140	£2 512	18	£140	29%	35%
D	Mother	£503	£403	£453	£140		£5 089	23	£221	55%	55%
	Father	£503	£403			£140	£2 512	18	£140	35%	35%
E	Mother	£1 006	£727	£905	£140		£7 805	23	£339	47%	84%
	Father	£2 012	£1 291			£140	£2 512	18	£140	11%	35%

Source: Author's own calculations, see Appendix No. 1

Firstly, a reader can notice that a student-parent without a partner is eligible neither for any maternity allowance nor for parental benefits. It is because she did not work and therefore cannot receive any allowances. It is also worth noticing that even parents of family “B” earning 50% of an average income and having the highest replacement rate do not have a replacement rate of their net salaries higher than 70%. On the other hand, for a father earning an average salary is the replacement rate only 35% and for the father

“E” only 11%. A noteworthy fact about the maternity leave (6 weeks) is that compensation for mothers “C”, “D” and “E” is higher than their net salary. The better this part appears to them, the less attractive the following weeks with a flat rate must seem. They lower mothers’ overall benefits under 50% of the replacement rate in family “D” and “E”.

In connection with the comparison of whole families, mother and father together, tables No. 12 and No. 13 consider again both options. They show the total amount of received benefits, the total length, weekly average benefit and replacement of the missed salary. The received amount is then compared to the average wage. The contrast of the two tables may be seen in the charts No. 3 and No. 4 which describe the replacement rate of the net salary and the comparison of the benefits with the average net salary.

Table No. 12 – Benefits for Families in the UK – Not divided Parental Leave

Family	Total received together	Total length weeks	Average weekly	Replacement rate of the net salary	Compared to the average net salary
A	£-	0	£-	N/A	0%
B	£6 243	41	£152	66%	38%
C	£6 922	41	£169	52%	42%
D	£7 602	41	£185	46%	46%
E	£10 318	41	£252	33%	62%

*Source: Author’s own calculations, see Appendix No. 1*

Table No. 13 – Benefits for Families in the UK – Equally Divided Parental Leave

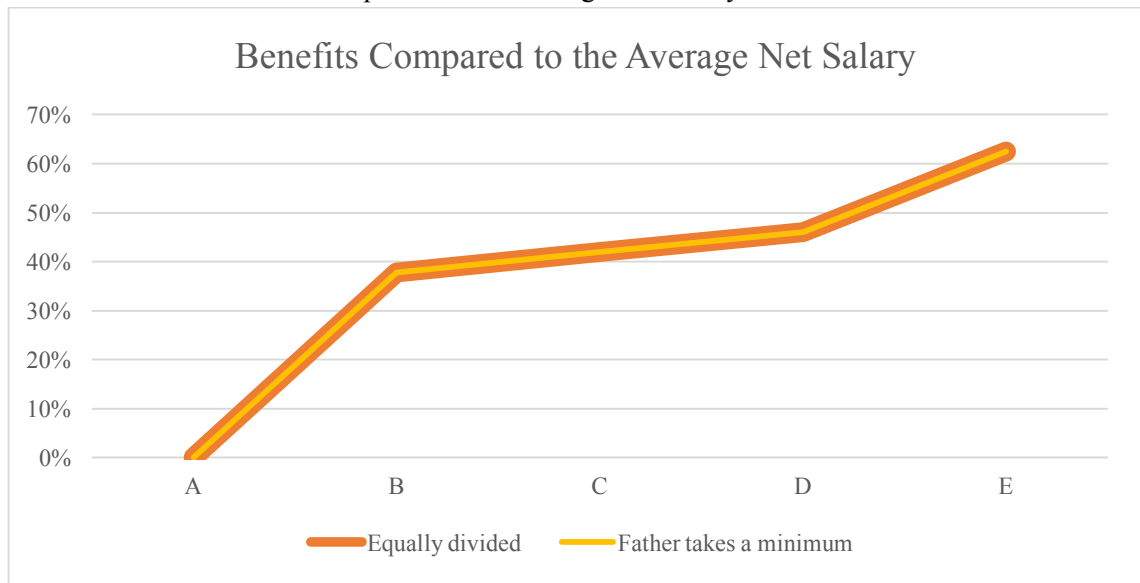
Family	Total received together	Total length weeks	Average weekly	Replacement rate of the net salary	Compared to the average net salary
A	£-	0	£-	N/A	0%
B	£6 243	49	£152	66%	38%
C	£6 922	49	£169	43%	42%
D	£7 602	49	£185	46%	46%
E	£10 318	49	£252	26%	62%

*Source: Author’s own calculations, see Appendix No. 1*

It is noteworthy that the condition whether a father takes a minimum or parents split does not impact the final received amount. That implies two points. Firstly, the system does not give any incentives for fathers to stay at parental leave. Secondly, the low limit of the flat rate caused that even father with a higher income than a mother does not receive higher benefits.



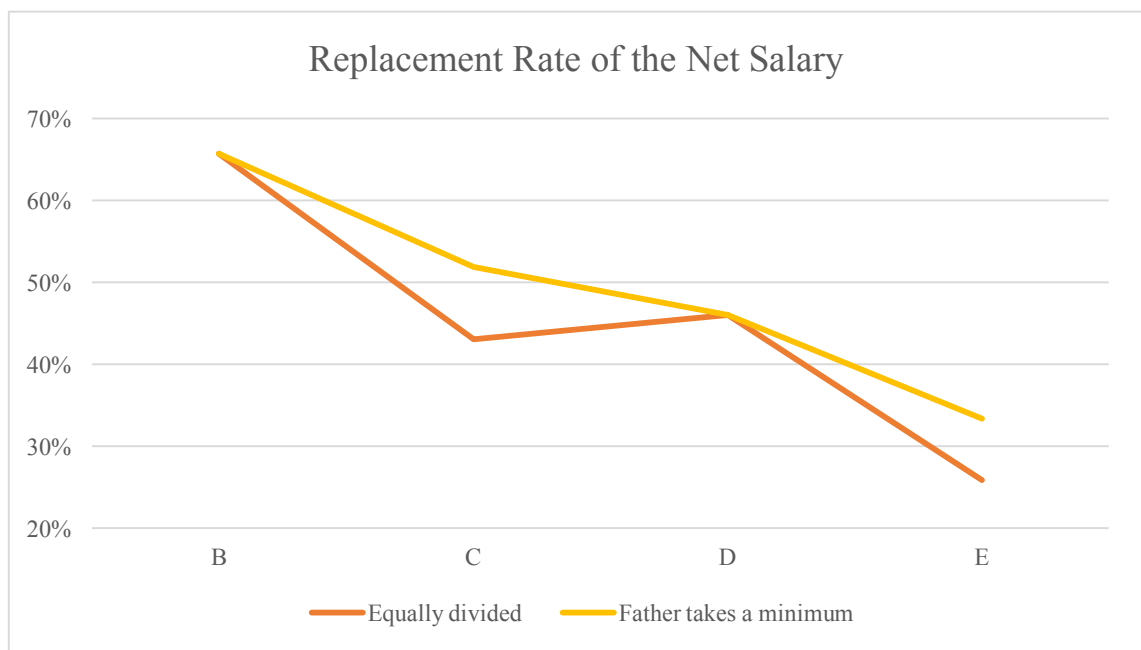
Chart No. 3 – Benefits Compared to the Average Net Salary in the UK



Source: Author's own calculations, see Appendix No. 1

The chart No. 4 reveals that for a family where a father earns more than his partner the family would be financially worse off if he takes more leave than necessary. Not only the system does not give incentives for fathers to participate in the leave but it makes them stay at work for financial reasons.

Chart No. 4 – Replacement Rate of the Net Salary in the UK



Source: Author's own calculations, see Appendix No. 1

### 2.2.3. Sweden

The calculations for Sweden are shown in tables No. 14 and No. 15. Similarly, as in the case of the UK, the calculations for equally divided parental leave and situation when a father takes only 100 days which could not have been taken by the child's mother. Here, however, the comparison gets a different perspective because the parents who divide the parental leave equally (Table No. 15) receive the "Equality Bonus" of 13,500 SEK (6,750 SEK each). On the other hand, the father who takes only the minimal leave reaches higher replacement rate of his salary. The reason is that he does not take any leave on the minimal level and thus his proportional part is not lowered at the average benefit. It is well-shown at the family with both parents earning average income ("D") where the father gets benefit which is even higher than his net income.

Next, it is considerable that in both cases the replacement rates are approximately above 80% except for family "E", where it is much lower because the parents' proportional part reduced by the ceiling.

Table No. 14 – Benefits for Parents in Sweden – Not Divided Parental Leave

Family	Gross salary daily	Net salary daily	M-300, F-100 days Daily	M-90 days daily	Equality bonus Total	Total received	Total length days	Average daily	Replacement rate of the net salary	Compared to the average net salary
A Mother	- SEK	- SEK	250 SEK	180 SEK	- SEK	113 700 SEK	480	237 SEK	N/A	27%
B Mother	569 SEK	463 SEK	441 SEK	180 SEK	- SEK	148 636 SEK	390	381 SEK	82%	44%
B Father	569 SEK	463 SEK	441 SEK		- SEK	44 145 SEK	100	441 SEK	95%	51%
C Mother	853 SEK	671 SEK	662 SEK	180 SEK	- SEK	214 854 SEK	390	551 SEK	82%	63%
C Father	1 422 SEK	1 036 SEK	942 SEK		- SEK	94 200 SEK	100	942 SEK	91%	108%
D Mother	1 138 SEK	874 SEK	883 SEK	180 SEK	- SEK	281 072 SEK	390	721 SEK	82%	82%
D Father	1 138 SEK	874 SEK	883 SEK		- SEK	88 291 SEK	100	883 SEK	101%	101%
E Mother	2 276 SEK	1 437 SEK	942 SEK	180 SEK	- SEK	298 800 SEK	390	766 SEK	53%	88%
E Father	4 551 SEK	2 458 SEK	942 SEK		- SEK	94 200 SEK	100	942 SEK	38%	108%

Source: Author's own calculations, see Appendix No. 1

Table No. 15 – Benefits for Parents in Sweden – Equally Divided Parental Leave

Family	Gross salary daily	Net salary daily	M-195, F-195+10 daily	Each - 45 days daily	Equality bonus Total	Total received	Total length days	Average daily	Replacement rate of the net salary	Compared to the average net salary
A Mother	- SEK	- SEK	250 SEK	180 SEK	- SEK	113 700 SEK	480	237 SEK	N/A	27%
B Mother	569 SEK	463 SEK	441 SEK	180 SEK	6 750 SEK	100 933 SEK	240	421 SEK	91%	48%
B Father	569 SEK	463 SEK	441 SEK	180 SEK	6 750 SEK	105 348 SEK	250	421 SEK	91%	48%
C Mother	853 SEK	671 SEK	662 SEK	180 SEK	6 750 SEK	143 975 SEK	240	600 SEK	89%	69%
C Father	1 422 SEK	1 036 SEK	942 SEK	180 SEK	6 750 SEK	207 960 SEK	250	832 SEK	80%	95%
D Mother	1 138 SEK	874 SEK	883 SEK	180 SEK	6 750 SEK	187 017 SEK	240	779 SEK	89%	89%
D Father	1 138 SEK	874 SEK	883 SEK	180 SEK	6 750 SEK	195 846 SEK	250	783 SEK	90%	90%
E Mother	2 276 SEK	1 437 SEK	942 SEK	180 SEK	6 750 SEK	198 540 SEK	240	827 SEK	58%	95%
E Father	4 551 SEK	2 458 SEK	942 SEK	180 SEK	6 750 SEK	207 960 SEK	250	832 SEK	34%	95%

Source: Author's own calculations, see Appendix No. 1

Tables No. 16 and No. 17 then present the results per family. Again, there is seen the “Equality bonus” where a family has 28 SEK a day more. The wider gap in family “C” is caused by larger benefits of the father who had a better salary than his partner. Furthermore, it is notable that the student without the salary receives the benefit worth to 27% of an average net income. On the other side of the income spectrum is the family “E” whose benefit is equal to 92% (95% if equally shared leave) of the net average wage. This also symbolises the highest possible benefit because both parents had the maximal amount of 942 SEK a day (see tables No. 14 and No. 15). To expand on that, the father “C” with income 125% of the average already reaches the ceiling of the allowance. That means the family where both parents earn 125% of the average income and share equally (or at least the days needed for whole equality bonus) the parental leave receives benefits which are almost as high the net average salary. That means parents do not lose much of their income because of their recently born child.

Table No. 16 – Benefits for Families in Sweden – Not Divided Parental Leave

Family	Total received together	Total length days	Average daily	Replacement rate of the net salary	Compared to the average net salary
A	113 700 SEK	490	232 SEK	N/A	27%
B	192 781 SEK	490	393 SEK	85%	45%
C	309 054 SEK	490	631 SEK	85%	72%
D	369 362 SEK	490	754 SEK	86%	86%
E	393 000 SEK	490	802 SEK	49%	92%

*Source: Author’s own calculations, see Appendix No. 1*

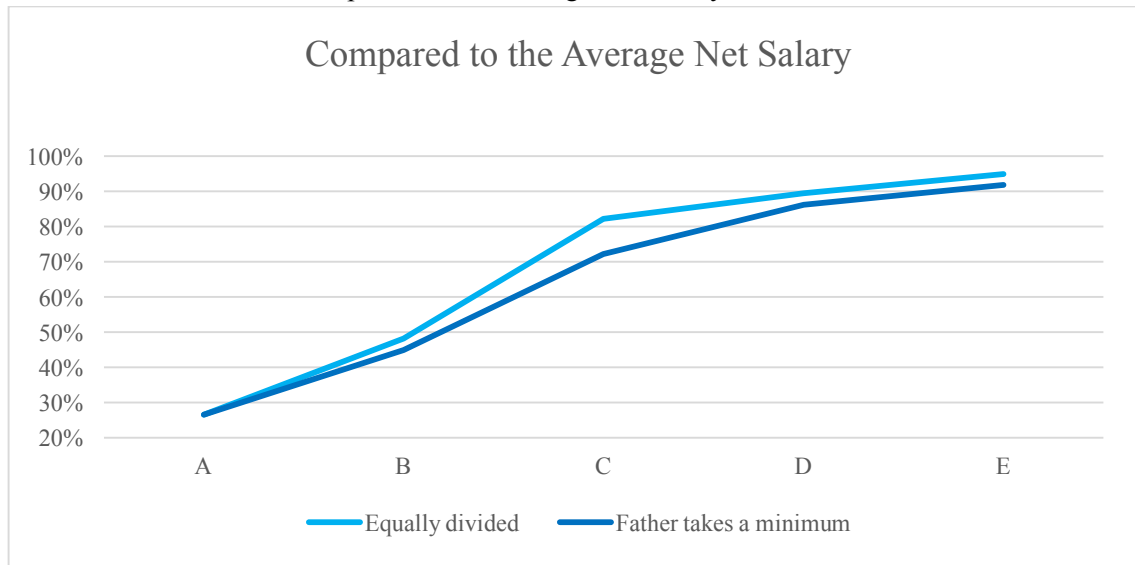
Table No. 17 – Benefits for Families in Sweden – Equally Divided Parental Leave

Family	Total received Together	Total length days	Average daily	Replacement rate of the net salary	Compared to the average net salary
A	113 700 SEK	490	232 SEK	N/A	27%
B	206 281 SEK	490	421 SEK	91%	48%
C	351 935 SEK	490	718 SEK	84%	82%
D	382 862 SEK	490	781 SEK	89%	89%
E	406 500 SEK	490	830 SEK	42%	95%

*Source: Author’s own calculations, see Appendix No. 1*

In addition, the Chart No. 5 presents the results in comparison to the average net wage and shows the higher benefits for parents equally sharing the leave (except the family “A” because as a single parent the student could not receive the bonus). As mentioned there is the higher difference for family “C” where the father gets higher benefits.

Chart No. 5 – Benefits Compared to the Average Net Salary in Sweden

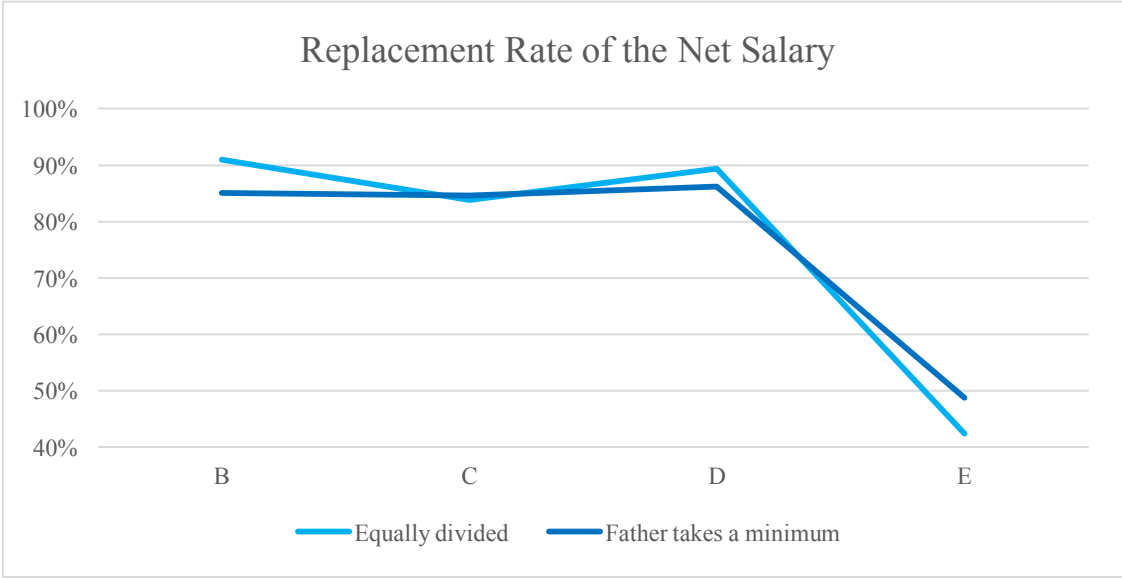


*Source: Author's own calculations, see Appendix No. 1*

More importantly, the net salary replacement rate is displayed in the Chart No. 6. The chart illustrates the Swedish incentives to support fathers to take a large portion of the parental leave. One can notice that in case both parents earn the same or similar salaries the family is better-off if the parents decide to split the leave. The situation changes when the father earns more than his partner. Nevertheless, family “C” is almost indifferent between the two options even though the father earns 167% (1,422 SEK/853 SEK) of his partner’s income.

To conclude, two main points should be highlighted about the Swedish system. Firstly, it offers considerably high allowances which ensure that families can maintain their standards of living even when they need to care about their new-born offspring. Secondly, it makes a point of supporting gender equality policies in the way the fathers actively participate in the childcare from the early stage of the child’s development.

Chart No. 6 – Replacement Rate of the Net Salary in Sweden



Source: Author’s own calculations, see Appendix No. 1

## **2.2.4. The Czech Republic**

The final represented country is calculated similarly in tables No. 18 and No. 19. Probably the most noticeable difference is in the paternity compensation because there is not any, which means that the system has no incentives to motivate parents to state on the leave. However, double days are not allowed in the Czech system so it may also lead to an issue where the other partner is forced to take his normal leave or non-paid leave in order to help the mother when she is weakened after the parturition. From the family point of view, this is not an ideal situation. Another noteworthy point is the low ceiling for the parental leave. Mothers “C”, “D” and “E” reach the maximal monthly amount for parental benefits which implies that even a woman who earns the 75% of the average wage may get the shortest period of 19 months with the highest benefit, 11,500 CZK. This may be also seen at the decreasing net salary replacement rate. The 4-year-long leave has been for the student-mother sufficiently discussed previously in chapter 2.1.4.

The next point to discuss is the overall low benefit in comparison to the average net salary. Mother “E” receives just under 75% of the average net income even though she earns a double of the average salary. This is backed by the replacement rate which is only 39%. On the other hand, the system seems to support well the low-income family “B”. The mother “B” has 83% replacement rate and, in comparison with the average net salary, she reaches 45%.

When comparing the two tables, it is notable that for the overall benefit it does not make any difference whether a father participates on the leave or not. Because the benefit is capped at a low amount, it does not differentiate even in family “C” with dissimilar parents’ salaries.

Moreover, one can notice that the maternity leave may strongly influence the overall average benefit even though it lasts only 28 weeks. This is generated by the low benefit of parental leave and comparably high payments during the maternity period which is a proportion of the salary. This happens despite the reduction limits which lower the proportion along with increasing income.

Table No. 18 – Benefits for Parents in the Czech R. – Not Divided Parental Leave

Family	Gross salary	Net salary	Maternity- 28 weeks	Parental leave	Parental leave- monthly		Total received	Total length	Average	Replacement rate of the net salary	Compared to the average net salary
	monthly	monthly	monthly	months	9 months	rest	together	months	monthly		
A	Moth.	- CZK	- CZK	48	7 600	3 800	216 600 CZK	48	4 513 CZK	N/A	21%
B	Moth.	13 795 CZK	11 572 CZK	9 656 CZK	23	9 524 CZK	281 272 CZK	29,4	9 553 CZK	83%	45%
	Father	13 795 CZK	11 572 CZK								
C	Moth.	20 692 CZK	16 315 CZK	14 484 CZK	19	11 500 CZK	311 834 CZK	25,4	12 256 CZK	75%	58%
	Father	34 486 CZK	25 817 CZK								
D	Moth.	27 589 CZK	21 073 CZK	19 261 CZK	19	11 500 CZK	342 614 CZK	25,4	13 466 CZK	64%	64%
	Father	27 589 CZK	21 073 CZK								
E	Moth.	55 178 CZK	40 077 CZK	27 890 CZK	19	11 500 CZK	398 221 CZK	25,4	15 651 CZK	39%	74%
	Father	110 356 CZK	77 937 CZK								

Source: Author's own calculations, see Appendix No. 1

Table No. 19 – Benefits for Parents in the Czech R. – Equally Divided Parental Leave

Family		Gross salary	Net salary	Maternity- 28 weeks	Parental leave	Parental leave- monthly	Total received	Total length	Average	Replacement rate of the net salary	Compared to the average net salary	
		monthly	monthly	monthly	months	9 months rest	together	months	monthly			
A	Moth.	- CZK	- CZK	- CZK	48	7 600	3 800	216 600 CZK	48	4 513 CZK	N/A	21%
B	Moth.	13 795 CZK	11 572 CZK	9 656 CZK	12	9 524 CZK	176 509 CZK	18,4	9 570 CZK	83%	45%	
	Father	13 795 CZK	11 572 CZK		11	9 524 CZK	104 763 CZK	11	9 524 CZK	82%	45%	
C	Moth.	20 692 CZK	16 315 CZK	14 484 CZK	10	11 500 CZK	208 334 CZK	16,4	12 669 CZK	78%	60%	
	Father	34 486 CZK	25 817 CZK		9	11 500 CZK	103 500 CZK	9	11 500 CZK	45%	55%	
D	Moth.	27 589 CZK	21 073 CZK	19 261 CZK	10	11 500 CZK	239 114 CZK	16,4	14 541 CZK	69%	69%	
	Father	27 589 CZK	21 073 CZK		9	11 500 CZK	103 500 CZK	9	11 500 CZK	55%	55%	
E	Moth.	55 178 CZK	40 077 CZK	27 890 CZK	10	11 500 CZK	294 721 CZK	16,4	17 923 CZK	45%	85%	
	Father	110 356 CZK	77 937 CZK		9	11 500 CZK	103 500 CZK	9	11 500 CZK	15%	55%	

Source: Author's own calculations, see Appendix No. 1

Tables No. 20 and No. 21 illustrate the situation with both parents together. Similarly, as in the UK, no incentives for families to equally share the leave which means identical values in the column of comparison with the average net salaries. The higher replacement rate in the Table No. 20 for families “C” and “E” is caused by the variations of the parents’ salaries.

Then, it is noteworthy the increase in the average leave which is very low despite parents’ growing income. This is given by the low maximal parental leave and reduction limits for the middle-income and high-income families. On the other hand, it ensures that every family gets at least something which might be sufficient if the other partner works. It is implied that the system does not focus much on the proportional benefits and is rather solidary than equivalent.

Table No. 20 – Benefits for Families in the Czech R. – Not Divided Leave

Family	Total received	Total length	Average	Replacement rate of the net salary	Compared to the average net salary
	together	months	monthly		
A	216 600 CZK	48	4 513 CZK	N/A	21%
B	281 272 CZK	29,4	9 553 CZK	83%	45%
C	311 834 CZK	25,4	12 256 CZK	75%	58%
D	342 614 CZK	25,4	13 466 CZK	64%	64%
E	398 221 CZK	25,4	15 651 CZK	39%	74%

Source: Author's own calculations, see Appendix No. 1

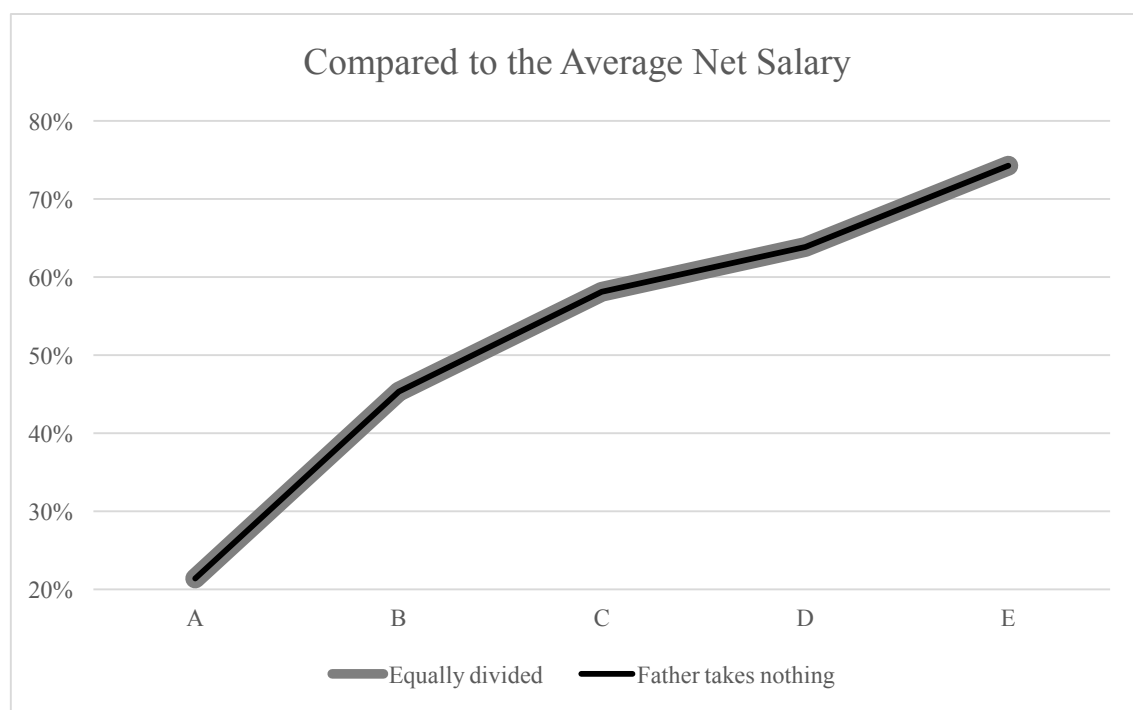
Table No. 21 – Benefits for Families in the Czech R. – Equally Divided Leave

Family	Total received together	Total length months	Average monthly	Replacement rate of the net salary	Compared to the average net salary
A	216 600 CZK	48	4 513 CZK	N/A	21%
B	281 272 CZK	29,4	9 553 CZK	83%	45%
C	311 834 CZK	25,4	12 256 CZK	62%	58%
D	342 614 CZK	25,4	13 466 CZK	64%	64%
E	398 221 CZK	25,4	15 651 CZK	29%	74%

Source: Author's own calculations, see Appendix No. 1

The “Compared to the Average Net Salary” chart (No. 7) displays the stated indifference between the situations whether the leave is divided equally or not. This also provides readers with the illustration of how the system appreciates when parents work and actively participate in the labour market. That is the increase from the family “A” to the family “B” where there is a 24% gap. In absolute numbers, the family “B” earning 50% of the average salary, receives almost double than the student-parent. After, the per cent augmentation slowly decreases as the salaries are growing.

Chart No. 7 – Benefits Compared to the Average Net Salary in the Czech Republic



Source: Author's own calculations, see Appendix No. 1

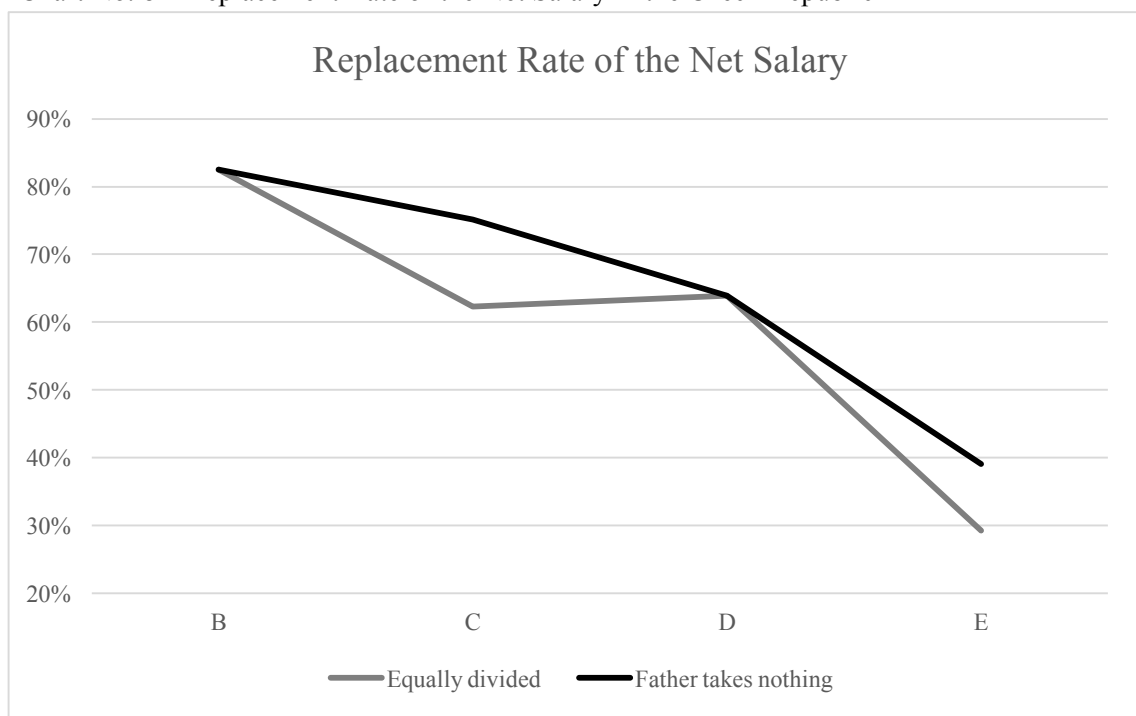
The following chart presents already a quoted financial disadvantage of participation of the parent with higher income on the leave, which, in most cases, is the father. The difference is around 13% for family “C” and 10% for the high-income family “E”.



Not only does the system neglect the paternity leave but it also discourages the fathers to participate in the early childcare.

In the situation where a father takes no parental leave, it is considerable, how the scheme distinguishes between the families “C” and “D” when both parents together have the same income but once the mother earns less than a father, and next the parents earn the evenly high salary. The line of reasoning behind this lies in the missing salary of the mother “C” because both families get the maximal monthly parental leave but the mother “D” misses higher salary which is not substituted by higher benefits. The only period which is partly compensated is the maternity leave.

Chart No. 8 – Replacement Rate of the Net Salary in the Czech Republic



Source: Author's own calculations, see Appendix No. 1

### 2.2.5. Comparison

Having discussed each social system and its allowances, the work finally contrasts all countries together. There are comparisons of the benefits taken mostly by mothers, then equally divided benefits and lastly, they are compared all together.

First, the Table No. 22 of the net salary replacement rate is presented. The table is accompanied by Chart No. 9 illustrates the stated data. One can note the highly proportional Swedish system in contrast to the other two. Swedish provide around 85% of the net salaries for families “B”, “C”, “D”. The most significant gap is in the case of the family “D” and what is more, that family describes parents both of whom earn the average income. That is crucial for overall point of the thesis because there is the major gap in the situation which should characterise the largest population of the society. In other words, the systems differentiate the most at the situation where majority people might probably belong. The gap between Sweden and UK is 40 points and between Sweden and the Czech Republic 22 points. These numbers illustrate the world of difference among the systems. It points towards the foundations on which the systems were established. Likewise, the family “C”, earning the average income but not equal between the partners, underlines the described situation.

The systems are coming closer at the family “E” which would imply that all systems tend to provide less proportional benefits for the high-income family and then that the systems are capped. However, this is fully true only in cases of the Czech Republic and Sweden. The UK has the uncapped proportional and the flat-rate parts. The confusion is caused by generally low British benefits which are described by the moderate slope of the UK curve in the Chart 9.

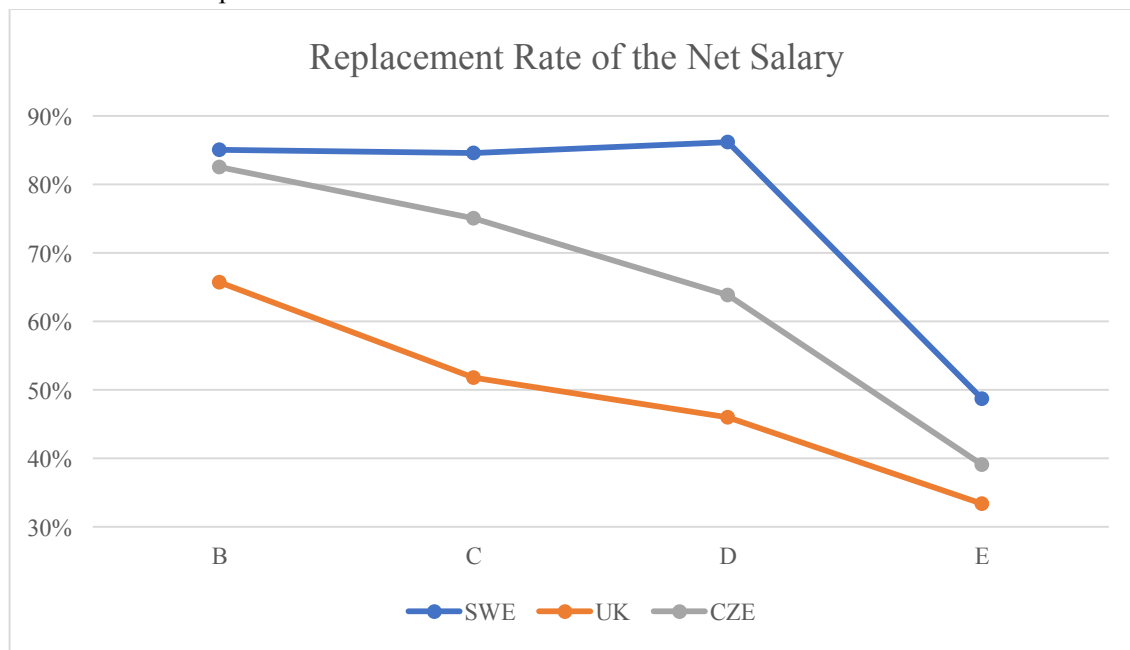
The Czech system is generally closer to the Swedish one, nonetheless, the trend is not significant.

Table No. 22 – Replacement Rates of Net Salaries – Not Divided Parental Leave

Replacement Rate of the Net Salary			
Family	SWE	UK	CZE
B	85%	66%	83%
C	85%	52%	75%
D	86%	46%	64%
E	49%	33%	39%

*Source: Author's own calculations, see Appendix No. 1*

Chart No. 9 – Replacement Rates of Net Salaries – Not Divided Parental Leave



*Source: Author's own calculations, see Appendix No. 1*

The amounts of benefits in contrast to the average net salaries follow with table and Chart No. 10. It reveals how financially well the families with the amount of received benefits in their countries are.

Surprisingly, the social systems meet at the situation of the family B. That induces all systems to “somehow” support the parents low-income who are employed and self-reliant but earn only 50% of the average salary.

Other remarkable points have been described before so just to highlight few of them. The UK does offer neither maternity nor parental leave for the student-mother. The slope of the British curve from the family “B” towards the family “E” is anything but steep. That implies the low proportionality of the scheme.

By and large, Sweden offers the highest benefits ensuring compensations high enough for parents to keep their standards of living. In average, Swedish curve is 27 points above the British curve and by 12 points above the Czech one.

Some could argue the systems have the same tendency to grow and seem similar, however, that comes from the principle of the benefits. Hardly could there be a system

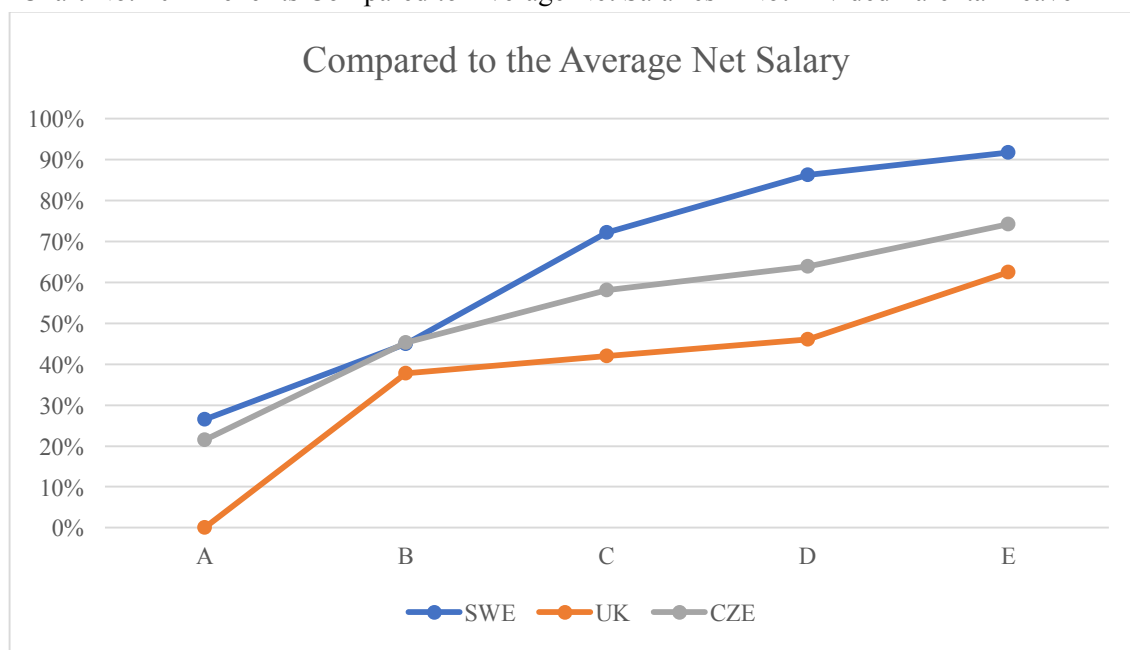
which would give to someone a lower parental leave just because the person used to earn more in the past. It is more important to observe the percentage variations among the schemes.

Table No. 23 – Benefits Compared to Average Net Salaries – Not Divided Parental Leave

Compared to the Average Net Salary			
Family	SWE	UK	CZE
A	27%	0%	21%
B	45%	38%	45%
C	72%	42%	58%
D	86%	46%	64%
E	92%	62%	74%

*Source: Author's own calculations, see Appendix No. 1*

Chart No. 10 – Benefits Compared to Average Net Salaries – Not Divided Parental Leave



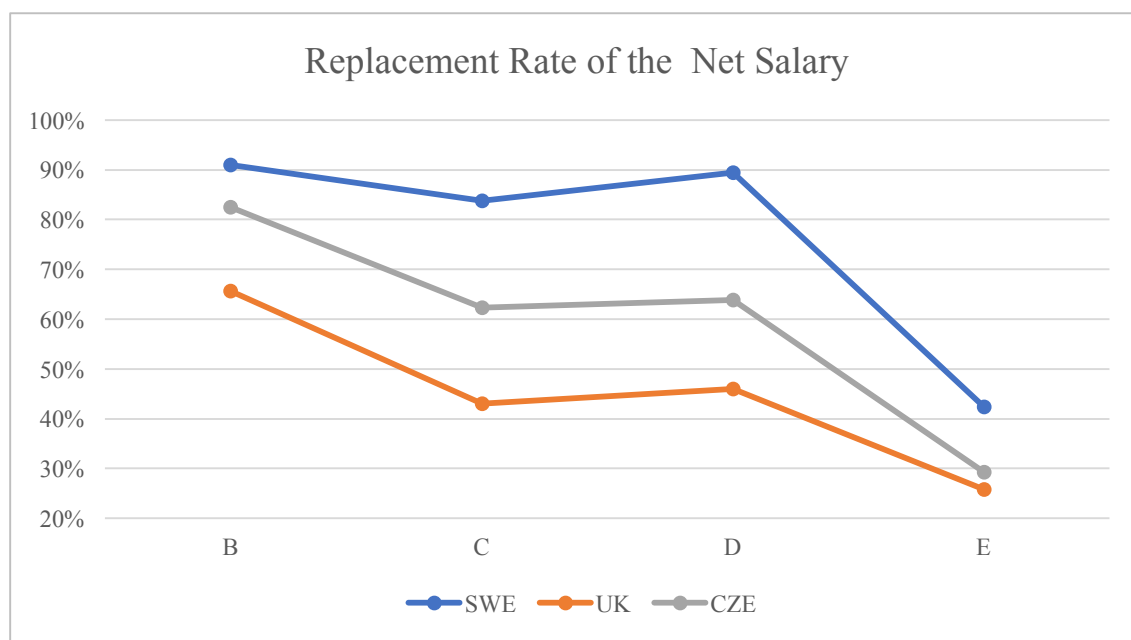
*Source: Author's own calculations, see Appendix No. 1*

Turning to the situation where parents divide the parental leave equally, readers can observe the replacement rate in Table No. 24 accompanied by Chart No. 11. The situation in comparison to the average net wage is shown in the following Table No. 25 and Chart No. 12. Here, can be seen similar trends which were described above, the other explanations and contrasts follow in the overall comparison of the systems.

Table No. 24 – Replacement Rates of Net Salaries – Equally Divided Parental Leave

Replacement Rate of the Net salary			
Family	SWE	UK	CZE
B	91%	66%	83%
C	84%	43%	62%
D	89%	46%	64%
E	42%	26%	29%

Source: Author's own calculations, see Appendix No. 1



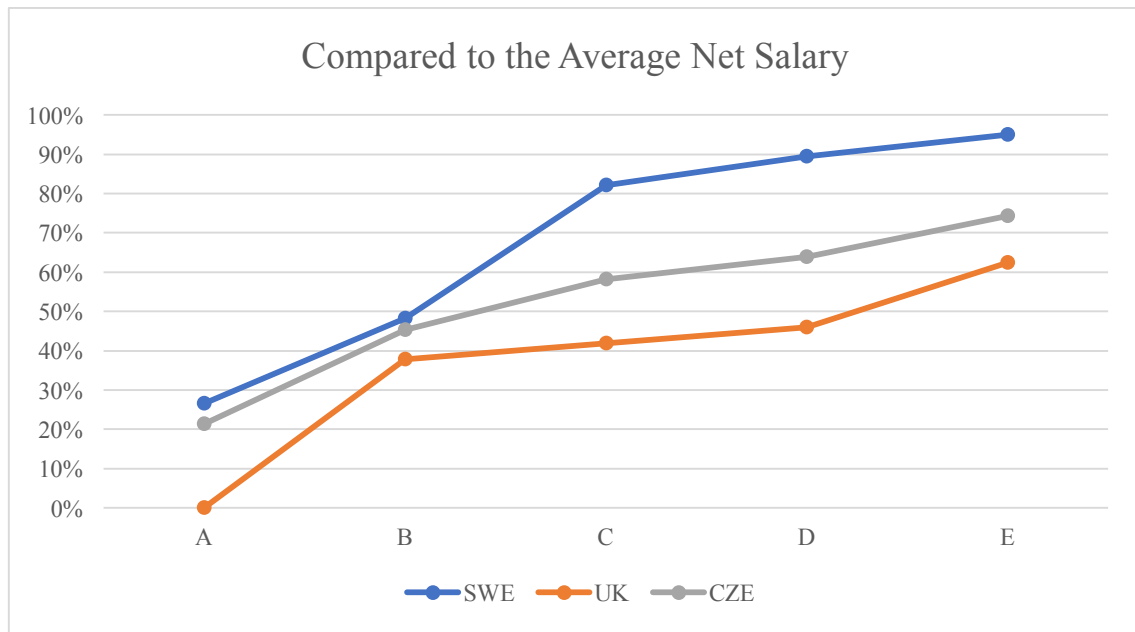
Source: Author's own calculations, see Appendix No. 1

Table No. 25 – Benefits Compared to Average Net Salaries – Equally Divided Parental Leave

Compared to the Average Net Salary			
Family	SWE	UK	CZE
A	27%	0%	21%
B	48%	38%	45%
C	82%	42%	58%
D	89%	46%	64%
E	95%	62%	74%

Source: Author's own calculations, see Appendix No. 1

Chart No. 12 – Benefits Compared to Average Net Salaries – Equally Divided Parental Leave



Source: Author's own calculations, see Appendix No. 1

In conclusion, the thesis presents comparisons of all three states of both previously examined conditions: equally divided parental leave and minimal father's participation in the leave, that can be seen in tables (No. 26, No. 27) and charts (No. 13 and No. 14). The columns with index "1" describe the latter and those with index "2" the former.

The Czech and British schemes offer lower benefits for family "C" in comparison with "D" whereas the Swedish has similar benefits for both situations. The decrease in the allowances is caused by the unequal salary inside the family. In other words, assuming the father earns more, the family loses more if he participates in the parental leave because the benefits cannot outweigh the missing salary. However, Sweden offers different story owing to the "Equality Bonus". The bonus compensates the missing difference of the income. The bonus is flat rate which then implies that it cannot counterweight the salary for high-income families such as family "E". Continuing with Sweden, one can observe that Swedish scheme is most proportional until certain point (the two curves are almost flat between "B" and "D") and after that point the system becomes highly progressive (situation along "D" to "E") which leads the family "E" to similar replacement rate as in the Czech Republic and the UK.

Furthermore, it is noteworthy that Czech social policy gives proportionally high maternity and parental allowances for low-income families. They reach similar

replacement rate as Sweden. Nevertheless, while Swedish system remains its proportionally high benefits even for other families the Czech system goes steeply down.

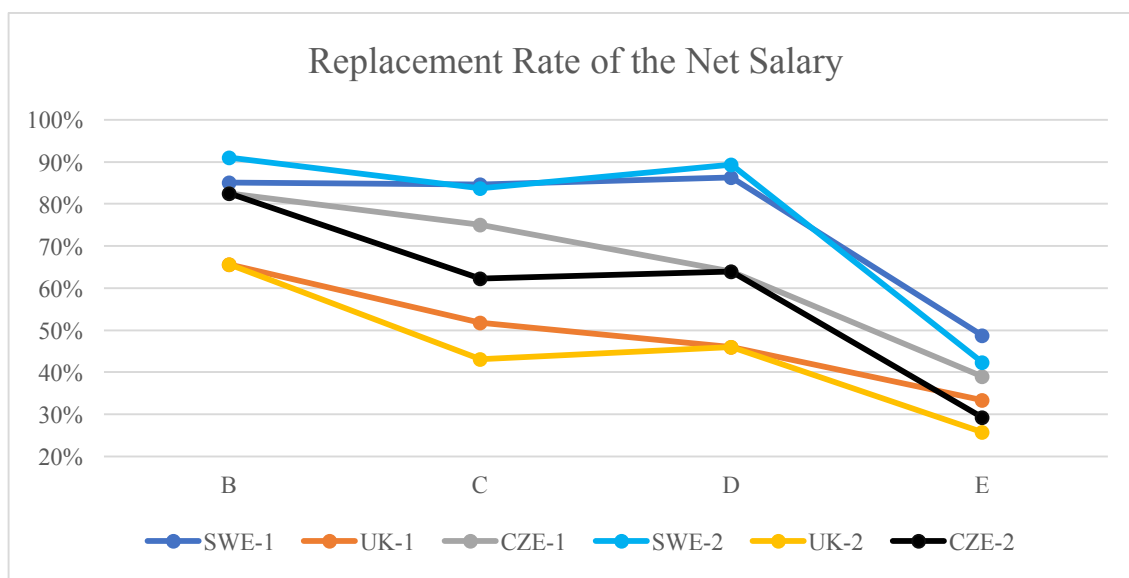
Distinctively, lowest benefits have under all circumstances the UK which gives low proportions to everyone. In comparison, it comes closer only at family situation “E”. This is caused by generally maintaining the moderate slope of the curve in contrast with the other two states.

Table No. 26 – Replacement Rates of Net Salaries – Summary

Replacement Rate of the Net Salary						
Family	SWE-1	UK-1	CZE-1	SWE-2	UK-2	CZE-2
B	85%	66%	83%	91%	66%	83%
C	85%	52%	75%	84%	43%	62%
D	86%	46%	64%	89%	46%	64%
E	49%	33%	39%	42%	26%	29%

Source: Author’s own calculations, see Appendix No. 1

Chart No. 13 – Replacement Rates of Net Salaries – Summary



Source: Author’s own calculations, see Appendix No. 1

Regarding the relation of the benefits to the average income of the states, the paper gives consideration to Table No. 27 and Chart No. 14 which both describe the financial situation of the families. The variations in the flow of the countries’ curves are highly visible. The chart reveals the expected differences which are described in chapter 1.3. For instance, Sweden offers high benefits covering the whole population. The British system secures low flat benefits which are intended for employed people while the unemployed student stayed without the parental or maternity support. On the other hand, a part of the leave which is assumed by the society as necessary is proportional and uncapped, which

can be seen at the steeper slope from point “D” to point “E”. Lastly, the Czech Republic is somewhere in between, it offers similar benefits as Sweden for those who are most in need (families “A” and “B”) and after, along with growing salary, the benefits rise slowly.

As it was previously mentioned the social schemes meet at family situation “B” and after each takes a different path.

In absolute terms, Sweden is the only country which favours parents who equally share the leave with the 13,500 SEK bonus. The wider gap at family “C” is generated by the high ceiling for the maximal parental leave which gives proportional benefits even to the father who earns 125% of the average wage.

Comparing all three countries, there is also a contrast in the growth between the family “B” and the family “D”, in other words between the family whose salaries differ by 50% of the average income. Swedish scheme gives a 41% gap of the average, while Czech policies offer growth only 19% and the UK government negligible 8%. This point is then essential because the majority of people may find themselves somewhere between these two situations. As it is statistically known, the median wage is usually lower than the average wage. Therefore, parents would be mostly somewhere below the average but close to points “C” and “D”.

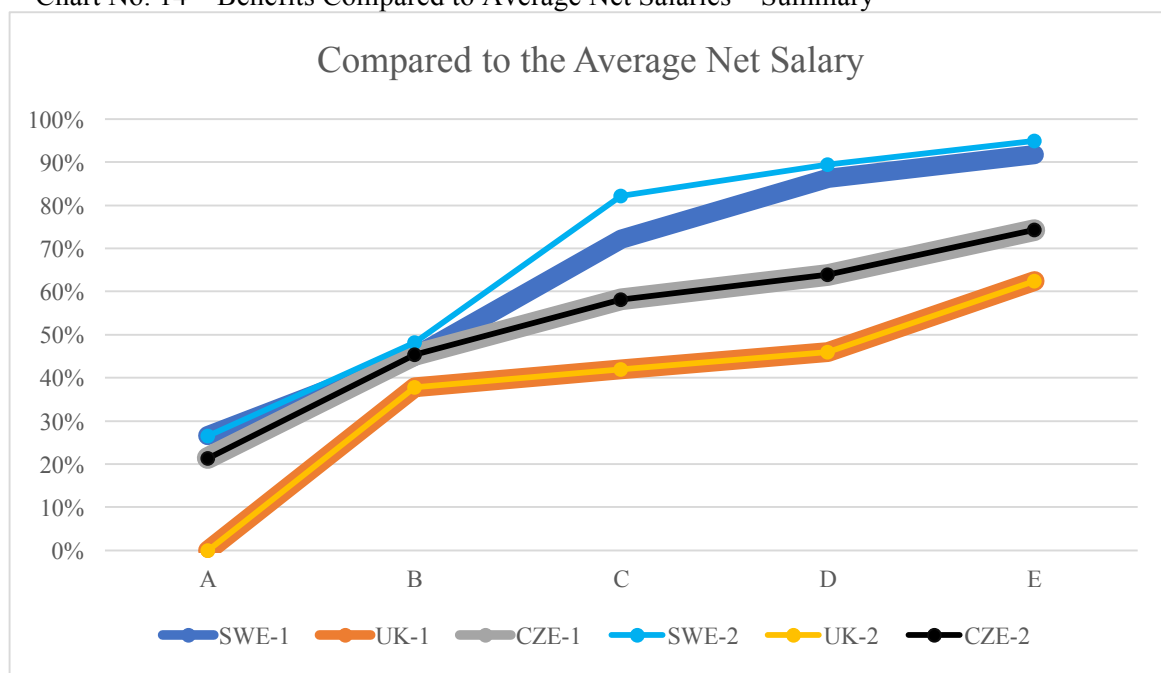
Table No. 27 – Benefits Compared to Average Net Salaries – Summary

Compared to the Average Net Salary						
Family	SWE-1	UK-1	CZE-1	SWE-2	UK-2	CZE-2
A	27%	0%	21%	27%	0%	21%
B	45%	38%	45%	48%	38%	45%
C	72%	42%	58%	82%	42%	58%
D	86%	46%	64%	89%	46%	64%
E	92%	62%	74%	95%	62%	74%

*Source: Author’s own calculations, see Appendix No. 1*



Chart No. 14 – Benefits Compared to Average Net Salaries – Summary



Source: Author's own calculations, see Appendix No. 1

## Conclusion

The principal aim of the thesis “Far from Integration: An Example of Disunity in the EU Social Policy - Parental Leave” was to examine a possible disunity of the social policy in the EU on an example of parental leaves and benefits. The theoretical background showed that social policy, on the whole, could not have been institutionally integrated due to the legal framework applied by EU but the thesis had to examine also a possibility of the natural integration. The practical section revealed immense differences of parental allowances among the examined countries. The disunity has been demonstrated with the computations based on real-life situations which showed the disunity of length, payments and principles of parental allowances. The main hypothesis, that parental leave has not been integrated, was thereby confirmed. Furthermore, it may be assumed that social policy in the EU has neither been integrated.

Firstly, it is thought social policy is closely connected to economic growth, development and high level of employment and therefore the EU should search the most appropriate social policy. However, the social policy does not seem to be well-integrated and that may have immense impacts on the EU overall development because if the inappropriate social policy is used EU economic targets might not be fulfilled.

To highlight, there is a vast amount of EU social policy literature describing its aspects, sundry types of welfare state, and differences among the countries or endeavours to synchronise and integrate the policies. Notwithstanding, there is little work examining the social policy integration or differences with help of numbers and calculations which would show what the provisions and replacement rates for various people of the society are. Thus, the main contribution of the thesis is the uncommon approach of investigating the integration of the social policy which is based on computations of the parental benefits for diverse real-life situations. This approach allows the thesis to clearly see how the social systems in various countries react to certain situations. Furthermore, it reveals the degree to which the EU integration endeavours have been successful in the case of social policy.

At the beginning, the term “social policy” was defined for the stated purpose of the thesis. On that basis, the paper theoretically questioned the possible social integration in

the EU caused by the institutions and legal framework. It was discovered that the current EU law and its institutions do not have enough facilities to integrate the social policy because most of the social policy sections are regulated by member states. Despite the fact that the EU invests an enormous funding in the social policy, little interest is devoted to its integration. Even though the EU sets the goals, it depends on the member states how they achieve the aims. The consequences of the goals and the overall policies may then be unexpectedly different than estimated.

Although, it is stated that the EU social police could not have been integrated institutionally, signs of integration might have occurred in a form of an externality of the economic integration process. It is though the integration could have come naturally as the countries strengthen their economic relations.

Subsequently, the reasons for selecting the UK, Sweden and Czech Republic for the practical part were given alongside describing the welfare state systems with their specifics. Discussing classical welfare-state literature and modern views on their evolution, led to conclude that the systems have not been changed much and that the European countries may still fit in the five common welfare state models. The mentioned countries were selected as the most apposite representatives of the three models which should distinct the most.

The transition between the theoretical and practical part was created with the description of maternity, paternity and parental leave. There were listed the various forms that these provisions may take as well as their importance for the social system and economy. Similarly, the paper inquired into the common understanding of the terms. It was necessary to find the proper definitions for two reasons, firstly the terms are often misused in the modern literature and secondly, three examined countries were to be drawn in comparison and thus unified description had to be used. The thesis did not use the terminology of each country social system because they vary fundamentally. Therefore, the leaves and benefits were modified to fit the stated borders. To put it short, maternity was understood as the leave which was generally meant for the mother, rare exceptions were omitted. In the same way, paternity was considered as the part of the leave and benefits assigned to the child's father and the parental leave was the rest which could be taken by any of the parents indiscriminately.

The practical section consists of two parts: one describes all possible leaves and benefits concerning pregnancy, parturition and the time after, childcare and schooling. There were already revealed several contrasts among the countries. The UK has the most kinds of benefits which cover a wide range of the life situations. Nonetheless, it does not mean the system would be the most generous, more likely, it is the other way around. The high number of provisions is caused by the fact that the social system is mostly to cover a short period of a socially disadvantageous situation and to help the persons to recover as soon as possible. For example, the system has schemes to support early childcare but the reason is that parental leave is short accompanied by low benefits. Also, it offers programmes to support parents in the educational process which would not have been necessary if the further education had not been paid. The British system was unique in the maternity leave which was mostly flat rate but there were six proportional weeks without a ceiling.

On the other hand, Swedish system includes the schemes which help parents significantly even after the parental leave is over. It provides parents with benefits irrespective of their income. The schooling and school meals are for free for every child. Moreover, Sweden offers by far the longest paternity leave of the selected countries. There, paternity is even longer than maternity leave. Another uniqueness lies in the “Gender Equality Bonus” which supports those parents who divide the parental leave equally.

The Czech Republic in contrast with Sweden does not offer paternity leave at all. Next specific is the extremely long parental leave which payments are counted in a rare mode. It gives a flat total amount which can be divided into periods of 19 to 48 months depending on previous income. Its educational system is free of charge, universities included. Furthermore, the Czech system offers a wide range of additional benefits for those who are most in need.

Finally, the thesis examined the systems with five standardised families which represented families in sundry real-life situations. Shortly, there was a student-parent without a previous employment contract, a low-income family where both parents earned 50% of the average salary, one family with both parents earning the average wage and one where father had 125% of the average and mother only 75%, last type was a

high-income family with mother earning 200% of the average and father's income equal to 400% of the average wage. There were computed the maternity, paternity and parental benefits for two situations: equally divided parental leave and the only mother taking the parental leave. The results were startling. The countries differ in a wide range of aspects such as the proportionality of the leaves, preferential families, incentives to support gender equality, replacement rates, etc. The computed data illustrated by charts showed that the part of the social policy described by parental allowances has not been integrated at all. Despite the fact that the thesis was written with a belief that disunity would be demonstrated, it was surprising how much the systems were dissimilar and how many aspects were unique for each country. Thus, the conclusion of the thesis is that, so far, parental leave, as an apposite example of social policy, has not been integrated, neither institutionally nor naturally.

Hence, there is a reason to believe that social policy in the EU might not have been integrated. Should the thesis give an impetus to further research on the EU social policy integration, the mission of the work will be fulfilled...

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## **List of Abbreviations and Non-English Designations**

ČSÚ – Czech Statistical Office

ČSSZ – Czech Social Security Administration

Försäkringskassan – Swedish Social Insurance Agency

MPSV – Ministry of Labour and Social Affairs

MŠMT – Ministry of Education, Youth and Sports

ONS – Office for National Statistics

Statistiska centralbyrån – Statistics Sweden

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## **Appendices**

### Appendix No. 1 – Computations of Parental Allowances

- Appendix No. 1 is available on a compact disc enclosed to this document