

Childcare and Maternal Labor Supply – a Cross-Country Analysis of Quasi-Experimental Estimates from 7 Countries

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Non-technical summary

The paper examines the effect of childcare availability on maternal labor force participation (LFP) in a multi-country setting. Evidence suggests that the effect of subsidized childcare availability on maternal labor supply varies greatly by institutional context (leave policies, labor market characteristics, cultural norms etc.). However, available quasi-experimental single-country estimates do not allow for drawing more exact conclusions on how context matters, as they differ not only in institutional context, but several other factors, like sample and methodology. This paper provides comparable estimates of the childcare effect around age 3 of children for 7 EU countries (Austria, Czech Republic, France, Greece, Hungary, Italy, Slovakia), based on harmonized data and the same quasi-experimental methodology, and evaluate their cross-country variation in light of key institutional factors.

Methodology

The identification of the childcare effect ensures the unbiasedness of the measurement. Data is combined on mothers from the EU Labour Force Survey (LFS) data, eligibility information gathered from country experts and cross-validated using further datasets, and country-level institutional characteristics from various sources. We discuss the role of the context, timing, and the point of estimation.

Findings

According to the results,

- **the childcare effect is the highest in CEE countries**, where
 - at this child age maternal participation is still relatively low
 - leaves with job protection are just ending
- there is **minor impact in Southern EU countries**, where
 - leaves end at a much earlier age
 - maternal participation at older child ages is low
- **Western EU countries also show some impact**, despite
 - the already high maternal participation rates prior to this age.

Recommendations

Specific policy implications are derived from the results in light of the EU Barcelona targets for childcare expansion under age 3.

- for **CEE countries**, childcare expansion under age 3 has a high potential positive impact on maternal LFP, however it should be coupled with

- a reform of the leave system, aimed towards shorter, better paid leaves that encourage greater paternal involvement
 - the shaping of cultural views
- in **Southern EU countries**, to give more mothers an opportunity to return to the labor market after having a child, it would be beneficial to offer
 - longer leaves with longer job protection periods
 - childcare expansion under age 3
- **Western EU countries** may also have a significant positive impact, despite already relatively high participation rates

Keywords: subsidized childcare, maternal labor supply, institutional context

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