
Social Security Abroad

Sweden: Cash Maternity Benefits for Fathers*

On May 16, 1973, the Swedish Parliament approved amendments to the National Health Insurance plan that add a new aspect to cash maternity benefits. Under the Swedish Health Insurance Reform of 1973, maternity insurance will be converted to parents' insurance as of January 1, 1974. For the first time, fathers will be eligible for a cash benefit when they are at home to care for a newborn child.

Like Sweden, most countries with social insurance systems provide cash maternity benefits to working women for a specified period of time before and after the birth of a child. For several decades women have been granted maternity leave from their jobs for health protection purposes around the time of childbirth. The medical services (including hospitalization) for this leave generally have been provided under national health insurance programs. More recently—in the past 10–15 years in most countries—a cash payment has accompanied the medical services as a form of family income replacement for the mother's lost wages.

Sweden now has gone a step beyond this traditional approach by making the working father also eligible for the cash benefit. The reasoning is that in cases where both parents work there are two sources of income entitled to separate protection from loss due to maternity leave. When the woman stops working, one of these sources is temporarily reduced and partially replaced by the cash maternity benefit. The father, however, has to forfeit pay to remain at home to care for the child.

If there are no birth-related complications, the mother may not need to stay home during the entire period of maternity leave (2 months before and 4 months after birth). She may even have compelling reasons to return to work, or individual circumstances may make it preferable for the father to stay home some of the time. Before the 1973 legislation, the cash maternity ben-

efit stopped when the mother returned to work. Under the new provisions, either working parent may stay home and collect the cash benefit. The cash benefit for the parent is a substantially higher rate than the amounts payable under the previous program.

The 1973 legislation and earlier laws dealing with women in the labor force reflect, in part, the impact of better vocational training and education for women, the decline in the number of children at home to care for, and the availability of modern time-saving home appliances. They also indicate the influence of demands from working mothers for equal rights on the job and in the home.

CASH MATERNITY BENEFITS IN SWEDEN

Sweden pays two kinds of cash maternity benefits to mothers: a lump-sum and an earnings-related amount. The lump-sum benefit is a universal payment to all mothers, regardless of marital, employment, or insurance coverage status. Its financing comes primarily through general revenue. The lump-sum amount, 1,080 kronor,¹ equals about two-thirds of the average monthly wage of women in manufacturing.

The second benefit is earnings-related. To be eligible the mother must have been employed 9 months before the birth and must have earned 2,600 kronor per year—an amount substantially lower than the annual earnings of women in manufacturing. In effect, this relatively low earnings requirement makes virtually every woman in full-time employment eligible for additional benefits.

Those persons meeting the requirements were previously paid at a daily rate of 1–46 kronor, depending on their earnings. The maximum amount of earnings for benefit purposes was 39,000 kronor—about twice the average earnings of women in manufacturing. As an example of how this worked, a woman whose wages were at the national average received the universal lump sum of 1,080 kronor and an earnings-related benefit of about 660 kronor a month (paid at a daily rate of 22 kronor). On the average, the combined

* Prepared by Martin B. Tracy, International Staff, Office of Research and Statistics.

¹ One Swedish krona is equal to 22.1 U.S. cents, as of June 30, 1973.

benefits were aimed at replacing about 80 percent of net earnings.

NEW PARENT BENEFIT

Enactment of the new parent benefit is the most recent action in Sweden to encourage women to work and to protect them once they have entered the labor force. Sweden, like many of the other European countries, has a severe labor shortage and is depending upon working mothers to help to alleviate this shortage. The campaign's success can be seen in the rise of the percentage of married women in the labor force, from 38 percent in 1961 to 53 percent in 1971. Other significant measures undertaken in this respect include development of day care facilities and legislation prohibiting employers from firing women during maternity leave.

Further encouragement for women to participate in the labor force has come from the earnings-related pension set up in 1962. Before that time Sweden gave a universal old-age pension to all residents at age 67. Because this pension was not very high, an earnings-related pension was introduced for workers. Women have found it advantageous to qualify in their own right for this pension. Many have returned to work or started to work for the first time for this purpose.

The 1973 provision making the cash benefit available to the father or the mother was designed to have a number of advantages for the family, not just for the mother. First of all, cash benefits can be paid for the 180-day leave period, provided one of the working parents stays home. Previously the wage-related benefit was payable only to mothers for each day of absence from the job in connection with childbirth. When the mother returned to substantial employment, the benefit stopped. Now the mother can return to work at any time and the father will receive the benefits payable for the remainder of the 180 days, if he stays home to care for the baby. The parents also have the option of alternating their use of the leave time during the period of coverage. The Swedish planners say that this arrangement makes it economically possible for the father to stay at home to take care of the child, because the level of all or most of the family income will be maintained by his benefits.

BENEFIT FORMULA

The formula for the parent benefit provides for a substantial increase over the previous maternity benefit. As explained above, the old formula aimed at a general average replacement of about 80 percent of the net earnings. At the lowest level of the graduated scale, the benefit represented almost 100 percent of net earnings. At the highest level it represented about a 50-percent replacement. The new benefit will be a straight 90 percent of the daily gross income of the parent who remains at home, up to a ceiling of 54,750 kronor per year in 1974 (adjusted to the cost of living based on the monthly consumers index of retail prices). The minimum daily benefit is raised from 7 kronor to 25 kronor and the maximum goes from 52 kronor to 135 kronor per day.

In those instances where the higher wage earner of the family (generally the father) remains at home, some financial loss may be incurred. Since the benefit amount is 90 percent of the income of the parent who stays home, the family's combined income would be subject to less reduction if the lower paid wage earner takes parent leave. However, it was the intent of the law to offer an option that allows the family to make use of the full maternity leave time. While there is some immediate monetary loss if the higher-paid member of the family remains at home, the new program has introduced a long-range financial advantage. The old maternity cash benefit did not count toward building up retirement credits under the earnings-related old-age pension. The period of maternity leave was, in other words, lost. Now the parent benefit will be used toward building retirement credits. Most of the cost of this will be covered through increased contributions by the employer. The rise in contributions, from 3.2 to 3.8 percent of wages, will also cover the increased costs for the sickness allowance and dental care insurance programs provided in the 1973 amendments.

Under the 1973 legislation, cash sickness benefits are payable for 10 days per year to either parent who stays home with a sick child under age 10. Previously, no cash payment was made to either parent for this leave. The intent here, too, is to make it economically feasible for the father to remain at home for a short time, while the mother continues on the job. Cash allowances will also be made available to fathers who stay

home with older children while the mother is in the hospital for childbirth.

MATERNITY BENEFITS ELSEWHERE

The twofold purpose of the maternity benefits provisions specified in the social security legislation of Sweden and more than half of the other nations with this type of program is to: (a) provide health protection for the mother through medical services (hospitalization) and (b) replace lost earnings through cash payments. Although health protection has generally been the first of these two programs to be implemented, many nations in addition to Sweden have combined coverage for medical services and cash maternity payments under the same health insurance program.² Cash maternity payments are usually based on contributions, but, in a few instances, cash payments to uninsured mothers are funded by general revenue.

The payment of regular cash maternity benefits to working mothers is made under some type of national program in 88 countries. Many of these programs are relatively recent, but almost all the developed nations now have such a national program. (Australia does not have a monthly benefit program, but a lump-sum amount is paid to all mothers.) The amount and duration of basic cash benefits for maternity varies from country to country. In most of these nations, the benefits replace from 60 to 100 percent of earnings, as the accompanying table shows.

The rate is generally computed in one of two ways: (1) a straight percentage of wages without a benefit limit (Austria, Belgium, Canada, West Germany, Italy, Japan, and Netherlands); or (2) graduated payments according to income up to a maximum percentage of wages (Finland, France, Israel, New Zealand, and Sweden). The actual percentage paid in the latter category is usually well below the maximum because of additional eligibility requirements. In France, for example, there must be three children already in the family for the mother to receive 90 percent of her wages.

There are other approaches to calculating cash maternity payments. Norway and Switzerland award benefits on a graduated scale based on in-

² These countries include Austria, Denmark, Finland, France, West Germany, Norway, and the United Kingdom.

Cash maternity benefits, by type of payment, replacement rate, and duration, selected countries ¹

Nation	Monthly cash benefit	Lump-sum grant	Benefit-replacement rate ²	Duration (in weeks)
Australia	No	Yes ¹		
Austria	Yes	Yes	100	12
Belgium	Yes	No	60	14
Canada	Yes	No	66½	15
Denmark	Yes	Yes	90	14
Federal Republic of Germany	Yes	Yes	100	14
Finland	Yes	No	415	12
France	Yes	No	490	14
Israel	Yes	Yes	475	12
Italy	Yes	No	80	21
Japan	Yes	Yes	100	12
Netherlands	Yes	No	60	12
New Zealand	Yes	No	4100	24
Norway	Yes	No	(³)	12
Sweden	Yes	Yes	490	24
Switzerland	Yes	No	(⁴)	10
United Kingdom	Yes	Yes	(⁵)	18

¹ Based on data from *Social Security Programs Throughout the World, 1971* (Research Report No 40), 1972, and *Social Security Programs Throughout the World, 1973* (Research Report No 45, in press), Office of Research and Statistics

² Monthly cash payment as percent of average wages

³ Lump-sum grant only, payable to all mothers.

⁴ Payable up to a maximum amount

⁵ Graduated amount, according to income, up to maximum.

⁶ Fixed amount with supplement for dependents.

come up to a maximum benefit limit. The United Kingdom pays a fixed cash maternity benefit to all mothers and provides additional fixed amounts for dependents.

Sixteen countries, in addition to providing both medical services and monthly cash benefits, pay a lump sum directly to the mother. These supplemental cash grants are generally a nominal amount. To date, Sweden alone pays benefits to the father.

Recent Publications*

GENERAL

ASH, ROBERT A. *Social Movements in America*. Chicago: Markham Publishing Co., 1972. 274 pp. \$8.95

Describes change in American social structure and ideology from colonial times to the present.

HERMAN, MELVIN. *Administrative Justice and Supplementary Benefits*. (Occasional Papers on Social Administration No 47.) London: G. Bell & Sons, 1972. 66 pp. £1.

Reports on findings based on 101 appeal hearings, interviews with staff and "tribunal" members, and observations of "tribunals" in session

(Continued on page 67)

* Prepared in the Library, Department of Health, Education, and Welfare. Orders for items listed should be directed to publishers and booksellers; Federal publications for which prices are listed should be ordered from the Superintendent of Documents, US Government Printing Office, Washington, D.C. 20402.