EUROPEAN WOMEN'S
LOBBY
EUROPEEN DES FEMMES

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# Seven Common Myths about the Costs of Maternity Leave

***The EWL invites policy makers to join European mothers in the real world!***

**MYTH ONE:** "*We cannot afford full-paid maternity leave, which would disproportionately affect small businesses and drive up wage costs, leading to more jobs being outsourced*."

- ✓ FACT: **Only in three European countries – the UK, Germany and Malta – is maternity leave financed directly through employers rather than tax or social welfare systems**, and two of these countries – Germany and the UK – have a recuperation scheme, which applies to both SMEs and large corporations. Incidentally, these are also countries notorious for their high gender pay gaps and low female employment rates compared to their European peers.[1]

- ✓ FACT: In all other EU member states, employers do not pay wages during maternity leave; social security systems do. While a worker is on maternity leave, employers save the cost of her salary, and can use that money to hire a replacement. This is as it should be: **just as we collectively pay for caring for our seniors or building our schools, we should share the costs of maternity leave.**

- ✓ FACT: When women are excluded from the job market, economies take a downturn; when women are further included, economies prosper. According to the European Commission, **all EU member states could achieve double-digit economic growth as high as 35% in the UK, 40% in the Netherlands and 45% in Malta, by eliminating gender inequalities in the labour market.**[2]

**MYTH TWO**: "*Implementing this Directive, particularly the full-pay provision, in the current economic crisis is irresponsible and will worsen the current recession*."

- ✓ FACT: The tendency to put profit over people and short-term cost-cutting over long-term growth is what got us into the current economic crisis in the first place. Women have contributed more to global economic growth than the emerging economies of China and India[3] and will continue to be invaluable as male-dominated sectors like the automobile industry and construction take hits and the importance of services and care increases. **Ensuring women are included and protected on the job market will reinvigorate the European economy and reap long-term benefits for economies and birth rates.**

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[1] See the European Commission *Report on the Equality of Women and Men*, 2010.
[2] Idem.
[3] *The Economist*, "Women and the world economy: A guide to womenomics". April 12, 2006.

- ✓ FACT: European governments spent trillions of euros in the last two years rescuing banks, car and construction companies; **the rescue scheme for UK banks alone cost taxpayers up to £850 billion.[4] This is exactly the right time to invest a comparably low amount of money to empower half of the current population** – not to mention the next generation.

- ✓ FACT: Pervading glass ceilings in corporate Europe are a real problem, and nowhere more than in the financial sector. The EWL joins many experts in the conviction that **a greater presence of women in financial decision making might have prevented the spin towards reckless, short-term profit-oriented banking that ultimately led to the current crisis.**

**MYTH THREE:** *"The costs of thisDdirective would cost British businesses a further £2b!"*

- ✓ FACT: According to the British Equality and Human Rights Commission, the cost estimate of 20 weeks of full paid maternity leave would, in fact, only amount to £1.3 billion.[5] Additionally, this cost estimate is **for the British government, not employers, as the employer in the UK is reimbursed by the state for the benefits paid to workers on maternity leave.**

- ✓ FACT: Maternity leave in the UK currently is drastically underfinanced: mothers receive a laughable – £123/month puts them below the relative poverty line – but comparatively long (up to a year) leave allowance. This is not cost-effective for employers and frustrating for employees: **the longer an employee is absent from her work, the more it will cost employers to replace her during her absence and re-train her once she returns**. A German study shows that prolonged absence from work can cost employers between €2,000 and €12,000 per employee.

- ✓ FACT: The additional £1.3bn the implementation of this Directive would cost the UK would **by no means be a large budget item**. In fact, **the UK currently spends six times that amount every year on the aftermaths of both smoking and obesity,[6]** and three times that amount on the effects of domestic violence, not to mention the trillions of pounds spent in the aftermath of the financial crisis to stabilise London banks.

**MYTH FOUR**: "Long, mandatory maternity leave keeps women out of the job market and does more harm than good."

- ✓ FACT: A Canadian study shows that **high maternity leave payments in the 20 weeks after birth are a strong incentive for women to return to their previous jobs** after maternity leave.[7]

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[4] http://www.independent.co.uk/news/uk/politics/163850bn-official-cost-of-the-bank-bailout-1833830.html
[5] *Working Better*. Equality and Human Rights Commission, March 2009
[6] See http://news.bbc.co.uk/2/hi/health/8086142.stm and http://news.bbc.co.uk/2/hi/health/7656214.stm
[7] Statistics Canada: "Maternity Leave Pays for Employers, Too". February 2010 (see also http://www.montrealgazette.com/life/Maternity+benefits+pays+employers+Study/2608269/story.html#ixzz0gZCfop0k)

Employers would actually benefit from this new Directive, because the female employees in whose training they have invested time and money would return from their maternity leave more quickly, ready to resume their old positions.

- ✓ FACT: The provisions in this Directive **would certainly not force women to stay at home** should they want to return to work before the six weeks of mandatory leave have passed. The mandatory leave time simply assures that all European women have a chance to recuperate from the emotional upheaval and physical stress of giving birth before reentering the labour market.

- ✓ FACT: The current draft of the reform Directive does not only provide for full pay, but also for **strong legal protections, precisely to combat the kind of discrimination that still marginalises some women for having children.**

**MYTH FIVE**: "Parental leave is just as good as maternity leave. Countries that provide some remunerated parental leave scheme are doing more than enough for mothers, fathers and families."

- ✓ FACT: Parental leave is an important tool for reconciliation, but **it does not address the basic reality that women are biologically responsible for giving birth.** While both generous parental leave provisions and the paternity leave clause in the current draft of this Directive are welcome measures, the two schemes are fundamentally different and should not be confused.

- ✓ FACT: The reason many support parental leave is not just that it is an effective policy, but also because **it is cheaper. Parental leave payments in Europe average at around €500 a month,**[8] much less than full pay for most workers, and some countries do not have any formal paid parental leave schemes.

**MYTH SIX**: "Being on maternity or paternity leave is like being on extended sick leave or a long vacation, and nobody expects employers to finance that."

- ✓ FACT: As the Commission points out in its Europe 2020 Strategy, Europe's working population is shrinking while the share of retired people is growing twice as fast as it did before 2007. **Europe will not have a sustainable workforce for long unless someone is giving birth to the next generation of scientists, teachers, voters and taxpayers**, and claiming that women on maternity leave are essentially "inactive" or "not contributing" to societies undermines the fundamental sustainability of our workforce and of Europe as a whole.

- ✓ FACT: Giving birth puts most women under serious hormonal, physical and emotional strain, and the first few weeks of newborns' lives are invaluable in their development of trust, sensory-cognitive skills and a bond with both their parents. **Policy makers should take care not to minimise or ridicule the strain and the rewards a new infant brings**.

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[8] Eurostat: Family Benefits. 2008.

**<u>MYTH SEVEN:</u>** "*China, India and other economic powerhouses don't provide fully paid maternity leave; this will harm our competitiveness*."

- ✓ **FACT:** Chinese manufacturing workers earn between \$100 and \$400 a month, and in India, 42% of the population lives on less than \$1.25 a day.[9] **Europe will never meet these standards, and should stop trying to do so**: the European welfare system and measures like this Directive that empower workers are a value, not a burden, in the global market.

[9] CIA World Factbook, 2010.