

The effect of own and spousal parental leave on earnings ^[1]

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AVAILABILITY

Full article PDF ^[2]

This paper investigates the effect of parental leave in Sweden on both parents' subsequent earnings following policy reform that reserved paid leave for each parent. Interestingly, the results show that each month of leave taken by the father has a positive impact on maternal earnings- more so than a similar reduction in the mother's own leave.

Abstract

This paper investigates the effect of parental leave- both own and spousal- on subsequent earnings using different sources of variation. Using fixed-effect models, and in line with previous results, parental leave is found to decrease each parent's future earnings. Also spousal leave is important, but only for mothers. In fact, each month the father stays on parental leave has a larger positive effect on maternal earnings than a similar reduction in the mother's own leave. Using two reforms of the parental leave system as exogenous sources of variation yields only imprecisely estimated effects, even though the reforms had a strong effect on parental leave usage. However, the point estimates tentatively suggest effects in the same range or larger than the fixed-effects model found.

Related link: [Fathers, your time off is past its due date](#) ^[3]

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