

French working mums offer economic growth^[1]

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EXCERPTS:

Does paying working women a lot of money to have babies make economic sense?

The French seem to think so.

They have been paying working women generous maternity leave since the 1940s.

At the time it was seen as a military measure. The country was recovering from the German invasion and the loss of a generation of young men in two world wars.

The same doesn't apply to Australia in 2014 but those involved in the economic debate on increasing paid leave could examine France's experience.

French people in the mid-40s thought, rightly, that the decline of the French population left them vulnerable to invasion, says French economist Jacques Attali.

So the government set about developing family policies that would encourage women to have more children.

Currently it pays women their full replacement wage for 16 weeks when each of their first two children are born.

For child number three and beyond they get 26 weeks, and even more if they give birth to twins, triplets or other multiples.

But the support doesn't stop there.

The government subsidises creches and nannies for infants as young as two months. For older children, preschool is universal and free.

Fees depend on what parents earn. The poorest families might pay as little as a dollar an hour.

"In France everything is open (to working mothers)," Mr Attali says.

"If you have a child you put them in kindergarten at three years, when you have two children ... you receive 400 euros a month for two kids and more for three. We have income tax reductions, housing allowances."

French women take it for granted that it's possible to combine a career and children.

That support, especially in child care, leads to an expectation that women do work.

Compare this with Germany - France's traditional rival - where working mothers are known as "Rabenmutter", a derogatory term suggesting they've abandoned their children like a raven.

"We have different family policies that have been set up where women are able to have families and also work," says Helene Baudchon, a senior economist with bank BNP Paribas.

This anecdotal Gallic enthusiasm has had an impact on the statistics. Almost 76 per cent of French women work, compared with Australia which has hovered around 55 per cent since 2006.

But these generous family policies come at a hefty monetary price.

As the French government tries to drag itself into surplus for the first time since the 1970s, and to address high labour costs, it is reassessing who should pay for social security. This also includes generous pension and unemployment benefits.

OECD figures show France spends about 0.3 per cent of its GDP on maternity and parental leave - \$A8.8 billion in 2009.

Subsidies for its child care cost \$A32.6 billion or 1.3 per cent of GDP.

In the same year, Australian child care subsidies were half that GDP.

Nevertheless, every French economic expert mentions the country's dynamic demographics.

Their population isn't ageing. In fact, it's growing.

The fertility rate is high and within decades France's population will be greater than Germany's for the first time.

This has economic implications.

"I am much more confident in the future of France than Germany because in 30 years from now there will be more French than Germans," Mr Attali says.

There will be not just an increased workforce but a larger base of consumers to help the lagging French economy grow in the future, he says.

One high level female government official says France's generous family policies are essential for growth and expanding the workforce, giving France the highest potential for growth in Europe.

These are lessons Australia could consider as it looks at Prime Minister Tony Abbott's signature paid parental leave policy.

He wants to give mothers full pay - capped at a total of \$75,000 - to take 18 weeks of leave when their child is born.

Mr Abbott offers this policy as evidence of his feminist credentials.

But he also says ample maternity leave needs to become a workplace right rather than be seen as welfare.

If it does succeed in keeping women connected to the workplace, France's experience shows this could lead to increased participation and economic growth potential.

However, the French model also suggests maternity leave at birth is only one part of the solution.

Childcare and attitudes to working mothers are equally important parts of the economic equation.

Region: Australia and New Zealand ^[2]

Tags: mother's labour force participation ^[3]

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