

ABSTRACT:

LONG-TERM EFFECTS OF THE GERMAN PARENTAL LEAVE REFORM ON MOTHERS' EARNINGS

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We analyze the impact of the German Parental Leave Reform of 2007 on mothers' long-term earnings. To identify the causal effect, we use a difference-in-difference approach that compares labor market outcomes of mothers who gave birth just before and right after the reform and net out seasonal effects by including the year before. Using the total population of the Integrated Employment Biographies (IEB), we observe that due to the reform, high-income mothers return later to the labor market after giving childbirth (2 months on average). However, seven to nine years after giving birth, we do not find negative effects on those mothers' earnings. These results suggest that the (slightly) longer career breaks for high-income mothers do not have negative effects on their subsequent careers.

(with Corinna Frodermann and Aline Zucco)