

ABSTRACT:

PARENTAL LEAVE BENEFITS AND THE GENDER PAY GAP

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18 May 2021 from 02.15-03.30 p.m.

via Zoom

I use the universe of tax returns in Germany and a regression kink design to estimate the effect of the parental leave benefit amount on the gender earnings gap within married couples. I examine the effects of the monthly benefit amount available to parents after the birth of their first child on the gap in annual earnings both in the leave period and when the child is older (between 2 and 7 years old). I find that a lower benefit amount for mothers decreases the gender gap years later both through higher mothers' earnings and lower fathers' earnings. To explore mechanisms, I also examine impacts of the benefit amount on leave take-up and duration of both parents, as well as further fertility.