

EXPANDED ABSTRACT

Demographic supplement for motherhood within the framework of equality policies. Analysis of objectives, results and outcomes

This study analyses, from the perspective of public economics, the Demographic Supplement for Motherhood (CDM) introduced in the Spanish Social Security System in 2016. This measure is a supplement added to the contributory pension received on retirement, widowhood or disability for women who began to receive a pension and who have had two or more children. It was introduced with two objectives in mind: to reduce the gender gap in pensions and to socially recognise the contribution of motherhood to the pension system.

In this paper, a socioeconomic analysis of this measure is carried out. The objectives and issues of this measure are reviewed and its distributional effects are analysed. The main source of information are data provided by the Ministry of Employment and Social Security, in particular the Continuous Sample of Working History (MCVL).

This is a new approach, with the focus being on public economics rather than on legal aspects and use of the MCVL data which, for the first time, includes measurements related to the CDM.

The main objectives of this study are: 1) to estimate the impact that the CDM has had on the pension system during the first year of application; 2) to analyse the differences in treatment it generates; and, 3) to assess its distributional effects on the gender gap in pensions and on inequality among women. The study finishes with an analysis of other equality policies and puts forward the main conclusions reached and proposals for alternative measures.

The results show that the CDM has affected 58.4% of new female pensioners. The women who have benefitted most from this measure are those who receive a widow's pension (50.9%), followed by retirement pension (39.8%) and disability pension (9.2%). Their sociodemographic characteristics show that 53.4% of the supplement is paid to mothers with 2 children, while women not receiving CDM tend to have higher educational levels than those who are in receipt of the supplement. It also shows that self-employed workers tend to have more than one child and, therefore, receive the CDM in a greater proportion (62.5%) than employed workers (57.5%). The estimated cost of this measure amounted to 64 million euros in 2016 (approximately 0.05% of the expenditure on contributory pensions), a figure that will increase considerably as the supplement is extended to future female pensioners.

Among the main criticisms highlighted by this study is the difference in treatment this measure generates. It purports to be a measure which acknowledges the value of motherhood yet it discriminates

against many mothers by excluding women who were pensioners before 2016 and who are the most affected, historically, by more unfavourable family and work structures. In addition, other categories excluded are mothers with only one child, women who took voluntary retirement, women who receive non-contributory pensions and women who do not receive any pension. Finally, the measure works against the principle of equality between men and women, promulgated by the European Union, because it discriminates against fathers.

Another criticism is that the amount of the CDM increases as the pension rises and continues to be paid even when the maximum pension is reached. This means that those women with higher pensions benefit more from the supplement, which is contrary to measures applied in other countries. One suggestion to improve the equality of this measure is that the supplement should have an upper limit.

Furthermore, its effect on reducing inequality has been insignificant. As a measure of equality between men and women, the CDM has reduced the gender gap between new pensioners (2.2%) but its effect on the whole system is very poor (0.22%). The pension gap between men and women in Spain is still very wide at a rate of 29.3% and much more work needs to be done to reduce this gap.

Finally, a pension system that gives women greater rights for raising children can reinforce traditional roles, discouraging mothers from entering the formal labour market and fathers from taking a break from their professional careers. This is why these measures are being questioned by the Court of Justice of the European Union in terms of equal treatment between mothers and fathers.

The CDM does not address the causes of the problem of gender discrimination. It does not address discrimination in employment nor does it offer the support required in the workplace for reconciling maternity and paternity leave. It is ineffective as a stimulus to change labour behaviour of women because its effect is in the long term and it is an outdated measure that can be counterproductive.

In light of these problems, the priority for the government would be to establish authentic equality policies which create opportunities for both men and women to develop their full potential. 1) labour market policies that eliminate gender differences (access to employment, wages and job promotion at work), improving the flexibility and the rationale of the working day, and 2) reconciliation policies related to family and work life, aimed at all workers, that recognise fathers and mothers as having co-responsibility for childcare.

The following measures are proposed to reduce the gender gap in pensions:

- a) Replace the current CDM with an additional contribution period per child or a fixed amount supplement, in recognition of the period of time dedicated to bringing up children.

If contribution years were added for accessing the pension, the number of women with contributory pensions would increase. To avoid the same negative aspects already highlighted, it should be implemented in a way that covers all kind of pensions and gives greater support to mothers of children with disabilities.

- b) Improve non-contributory (universal) pensions, which are those of lesser value. This measure would increase the number of women with pensions in their own right, thereby reducing the coverage gap and the pension gap of the total population (including non-pensioners). This extension is vital to stop the pension system being a welfare system (low coverage) and being outdated and out of touch (excessively linked to family relationships).

Our further studies will be centred on these proposals with data provided by the MCVL in future years.

KEYWORDS: Social Security, pensions, gender gap, inequality.