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German family policy

Pay to stay at home

The government plans a controversial benefit for stay-at-home mothers

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CRITICS call it a “hearth bonus” or “keep-your-kids-out-of-school money”. The government prefers *Betreuungsgeld* (“child-care benefit”). Few of its ideas are as contentious as a planned €150 (\$199) monthly payment to parents who do not put their children into crèches. Angela Merkel, the Christian Democrat chancellor, defends this as “an essential part of our policy of freedom of choice.” But it seems to contradict much of what she stands for.

Germany’s long-term worries include a shrinking and ageing population, immigrants who are not fully integrated into the workforce and women who are both underemployed and underpaid. German women work fewer hours than women in most other OECD countries (see chart). The gap in median pay is the third-widest in the club, after South Korea’s and Japan’s. That is partly because mothers stay at home. In 2008



just 18% of children under the age of three were in formal child care, against an OECD average of 30%.

Mrs Merkel has tackled some of these problems in the face of resistance from her Christian Democratic Union (CDU) and its Bavarian sibling, the Christian Social Union (CSU). Her first government (a coalition with the Social Democrats) introduced "parent pay", a salary-linked benefit meant to encourage women to become mothers without abandoning their careers. The same government made promises to expand crèche places that the present one is trying to keep. By 2013 parents will have a legal right to a day-care place after a child's first birthday.

Good crèches are thought by some to be a cure-all. By helping women to combine motherhood and career, they relieve skills shortages, boost growth and reduce inequality between the sexes. They might even lift Germany's miserably low fertility rate. Children of immigrant parents are often handicapped by speaking German badly; crèches help to correct that. Germany is generous with cash and tax benefits for families, notes Monika Queisser of the OECD, but spends less on child care than France and the Nordic countries. Mrs Merkel is trying to correct this imbalance.

Yet *Betreuungsgeld* goes in the opposite direction. Women will be induced to interrupt their careers, and the temptation will be greatest for those who can afford it least, says Jutta Allmendinger, president of the Social Science Research Centre, Berlin. Those children who most need a start in education will stay at home. The money would be better invested in expanding crèches, which threaten to fall short of demand, Ms Allmendinger thinks. She compares *Betreuungsgeld* to building a road but paying motorists not to drive on it.

In truth Mrs Merkel is catering to traditional ideas of motherhood, which remain tenacious in Germany. More than a quarter of parents of young children think mothers should stay at home, according to Allensbach, a pollster. Most 18- to 29-year-olds support the new benefit, although overall public opinion is sceptical. The biggest reason for Mrs Merkel's

support is to please the CSU, which is by tradition the largest party in Bavaria. Crèches do not improve children's educational prospects, the party insists, and they can jeopardise their emotional development.

Other parts of Mrs Merkel's fraying coalition may not support her. The liberal Free Democratic Party prefers to spend money balancing the budget. Some 23 Bundestag deputies from the CDU threaten to vote against *Betreuungsgeld*. One way to divide opposition might be to deny the benefit to those on welfare. That would make it cheaper, and would reduce the risk that children from poor families were kept out of early education. The left would fume, but critics within the coalition might be appeased. *Betreuungsgeld* just may be a bad idea whose time has come.

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