The Political Economy of Family Policies:

Analyzing Family Policy Expansions in Britain and Germany

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Abstract:

Family policies have been expanded in many OECD countries, whilst developments along many other welfare state dimensions have been characterized by retrenchment. Although the contribution of gender analyzes of the welfare state to a better understanding of family policies is widely acknowledged, the literature so far has failed to provide an empirical comparative account explaining the recent expansions of employment-oriented family policies that deviate from the male breadwinner model. This paper aims to make a contribution to the comparative literature by investigating the socio-economic conditions and politics of employment-oriented family policy expansions in Britain and Germany since 1990. We pay special attention to processes of post-industrialism and changed skill compositions as well as the role of key policy actors, with a special focus on organized business.
Introduction

Family policy expansion has been a common feature among many OECD countries in recent years (Baker 2006; Orloff 2006), whilst developments along many other welfare state dimensions have been characterised by retrenchment (Korpi and Palme 2003). However, the socio-economic and political conditions as well as the causal pathways for family policy expansions have largely been neglected by previous research. Although the contribution of gender analyses (Daly and Rake 2003; Sainsbury 1994; Lewis 1992) to a better understanding of welfare states is widely acknowledged, the literature so far has failed to provide an empirical comparative account explaining the recent expansions of (employment-oriented) family policies in the context of different ‘adult worker models’ (Crompton 2006; Hantrais 2004, Lewis 2001).

This paper aims to fill this gap by investigating the socio-economic conditions and politics of employment-oriented family policy expansions in Britain and Germany. Whilst Britain is usually characterised as a liberal welfare state within a liberal market economy (LME), Germany has been described as a conservative or Christian-democratic welfare state, especially with regards to family policy and gender equality, within a co-ordinated market economy (CME) (Esping-Andersen 1990, 1999; Hall and Soskice 2001). Both countries have been characterized as historically relying on the strong male breadwinner model (Lewis 1992; Ostner 1993). While research has found that a combination of social democracy and a highly ‘organized women’s movement’ has been crucial for the development of comprehensive employment-oriented family policies in Scandinavia (Iversen and Stephens 2008), women’s organisations as effective drivers for family policy change have been less effective in Christian-Democratic and liberal welfare states (Huber and Stephens 2006: 156 f.). It is also noteworthy that the expansion of family policies in Scandinavia had started at the end of the Golden Age, whilst recent expansion in Christian-Democratic and liberal welfare states has been happening in an era of overall fiscal conservatism. The seemingly adverse conditions for the expansion of employment-oriented family policies as well as the theory of path dependence (Mahoney 2000; Pierson 2004) would suggest only very limited policy change in both countries. Nevertheless, we have witnessed significant family policy changes in Britain and Germany. Hence, the key research question to be addressed in this paper is: What are the socio-economic conditions and politics that have led to an expansion of employment-oriented family policies in the two formerly strong male breadwinner countries? In the first part of our paper we will give a broad overview of the various policy changes in the two countries, before addressing the changed socio-economic conditions in the second part. The third part of the paper will focus on the policy-making process and the role of the key policy actors.

Family Policy Expansions in Britain and Germany

Family policy can best be described as a cross-cutting policy area, encompassing benefits, time and services (Lewis 2006). Our definition of family policy includes three dimensions: cash payments and tax allowances for the family as a unit, parents and children; childcare programmes and the regulation of employment for parents (various leave policies and flexible work) (cf. Daly and Clara 2002). We thus focus on a limited array of explicit family policies and exclude the many implicit family policies (cf. Kamerman and Kahn 1997).

In keeping with Christian Democratic principles, the German welfare state has for decades bolstered traditional family structures by promoting the role of men as wage earners and that of women as caregivers. Furthermore, it has been argued that the limited scope of maternity
and parental leave policies, the scarcity of publicly-provided all-day childcare facilities and nurseries, especially for children under the age of three, served to discourage mothers from employment. However, largely in parallel with the increase in female labour force participation, family policies have undergone a considerable transformation, with accelerated speed since the late 1990s. The conservative Kohl government expanded family policies in a number of ways. In 1986, it transformed the extended maternity benefit into a gender-neutral parental leave benefit with a duration of 10 months. Recipients of the flat-rate parental leave benefit were allowed to work up to 19 hours weekly. Until 1993, both the parental leave period and the lengths of the maximum duration of the parental leave benefit receipt were extended to 36 and 24 months, respectively. The Conservative government also substantially improved the statutory entitlements for emergency leave in the event of an ill child. Each parent of a child up to the age of 12 is entitled to an annual maximum of 10 days emergency leave. During the emergency leave, parents receive an earnings-related benefit. The centre-left Red-Green government, 1998-2005, further reformed the parental benefit by entitling parents to take the parental leave benefit simultaneously whilst working part-time for a maximum of 30 rather than 19 hours. In addition, the option to go on leave for 12 instead of 24 months with an improved monthly benefit was established, and an entitlement to part-time work was introduced (Bleses and Seeleib-Kaiser 2004: 79-89). In 2007, the Grand Coalition introduced a new earnings-related parental leave benefit with a wage replacement rate of 67 percent. The duration of this benefit was set at 12 months with two additional months should they be taken by the partner. The leave regulation allows parents to work up to 30 hours per week while receiving a pro-rata benefit. Parents without previous employment can continue to receive a flat-rate benefit of 300 Euros per month. Overall, this reform primarily focused on middle-class parents (cf. Henninger et al. 2008).

In 1992, as part of the cross-party compromise on abortion legislation, the government introduced the right of every child between the ages of three and six to a place in a childcare facility. However, because of implementation problems at the local level, the entitlement only became effective in 1999. Although 600,000 new childcare places were created for children in this age group during this period, problems in coverage for children at other ages persisted. Furthermore, childcare was typically provided in the morning only. Nonetheless, this legislation acknowledged the need for better work/life reconciliation and the childcare care responsibility of both parents and the state, which suggests some deviation from traditional Christian Democratic policies. However, the limited scope of the policy implies that the legislation primarily aimed at part-time employment of mothers with children aged 3-6. Mothers of infants did not benefit from this new policy but continued to rely upon private care arrangements, such as family support and child-minders (Ostner 1998: 132). Beginning in 2002, improving day care facilities for children under the age of three became a priority. Starting in 2004, the federal government allocated 1.5 billion Euros annually to expand provision (Bleses and Seeleib-Kaiser 2004: 82 ff.). Finally, based on a compromise between the political parties of the Grand Coalition government in 2007, the capacity of publicly subsidised/provided childcare is anticipated to fully meet demand by the year 2013. By this point, the government plans to introduce an individual entitlement to childcare for every child. It is estimated that the number of places will reach 750,000 by 2013, increasing coverage for that age group from approximately 14 percent in 2005/06 to 35 percent (Seeleib-Kaiser 2008). To conclude, Germany has seen an expansion of family policies since the 1980s. However, while the family policies of the 1980s and early 1990s mainly involved a modification of the strong male breadwinner model (e.g. with the half-hearted expansion of childcare provision; Ostner 1998, 1993), the employment-oriented policy reforms since the late 1990s have triggered a departure from the previous policy path towards an adult-worker model.
In contrast to Germany, the UK did not traditionally have an explicit family policy. Based upon liberal notions of statehood and welfare, the family was considered an exclusively private matter, with policy intervention restricted to target support for children in need (Daly and Clavero 2002: 88; Lewis and Campbell 2007: 4; Wincott 2006). However, this philosophy changed fundamentally with the election of the New Labour government in 1997. Building on the principle of activation, New Labour has made a concerted effort to significantly increase female workforce participation. Insufficient affordable childcare was considered to be a main barrier for women, particularly for women in the low-wage sector as well as for single mothers, to enter the labour market (cf. Lewis 2004). The five-year National Childcare Strategy of 1998 included the provision of part-time childcare and early education for three and four year olds free of charge for two and a half hours daily. This measure was accompanied by the introduction of a childcare tax credit and employer-provided childcare vouchers to help make childcare more affordable for working families. The childcare support of up to 80 percent of childcare costs provided through the working tax credit, however, is tailored towards families on low incomes, while other families tend to be better off with a childcare voucher. The government seeks further improvements in provision by extending hours of free childcare, as proposed in the follow-up ten-year strategy. Further to this, the New Labour government improved the statutory minimum standards for family-related leave schemes. Implementing the EU Directive on parental leave, the New Labour government established a gender-neutral entitlement of 13 weeks of unpaid parental leave with the Employment Relations Act of 1999. In addition, the right of unpaid family-related emergency leave for a reasonable time was introduced for working parents. The maternity leave entitlement was extended from initially 14 to 18 weeks. With the Employment Act of 2002, further and more significant improvements were introduced. The maternity leave was extended from 18 to 26 weeks of paid leave and further 26 weeks of unpaid leave. The maternity pay received after the earnings-related pay (that is 90 percent of the previous weekly earning for six weeks) was increased from 55.70 to 112.75 GBP per week (or 90 percent of previous weekly earnings for women with lower incomes). For working fathers, the New Labour government introduced a paternity leave of two weeks, with a benefit equivalent to the flat-rate maternity benefit. The maternity pay was extended from six to nine months in 2006. It is the objective of the government to extend the pay to one year by the end of the current Parliament. Furthermore, it is planned to allow mothers to ‘transfer’ parts of the maternity pay to the father should the mother return to work prior to the expiration of the leave period. With regard to working time, parents with children below the age of six years were granted the statutory right to request flexible working time arrangements in 2003 (Daly 2008).

In addition to these childcare and work/family balance policies, one of the most important elements of the employment-oriented family policy was the introduction of tax credits. The Family Credit of the previous Conservative government was replaced by the more generous Working Families’ Tax Credit, which in 2003 was divided into the Working Tax Credit and the Child Tax Credit; the latter experienced yet another reform and became the ‘childcare component’ of the Working Tax Credit. In order to be eligible for the tax credit, parents, both parents in the case of two-parent families, are required to work at least 16 hours per week. The maximum combined benefit of the two tax credits in the tax year 2005/06 was £8,475 per annum for a household with a joint annual income of £8,000 and three children (Seeleib-Kaiser 2008).

Taking together these different changes in family policies, the spending for families has increased significantly since 1997, despite financial pressures on some other social policy programmes (Daly 2008; Lewis and Campbell 2007). Obviously, the family is no longer considered a purely private issue as the government has developed an explicit employment-oriented
family policy approach (Clasen 2005). At this level of analysis, we have been experiencing paradigmatic change in the UK. However, financial support is still largely targeted at facilitating labour force participation of low income parents (Daly 2008). ¹

Comparing recent policy developments in Britain and Germany, employment-oriented family policies in both countries expanded significantly, clearly moving away from the strong male-breadwinner and towards the adult worker model (Lewis et al. 2009). From this perspective, the introduced policies of de-familialization do indeed indicate a path departure. Yet, at the analytical level of welfare regimes, departures from established policy trajectories are less clear. In Germany, family policies, particularly the expansion of childcare provision, are paradoxically fairly universal with regards to providing incentives for both parents to enter or remain in the labour market, which represents a serious challenge to the conservative ideal of traditional family-hood. By contrast, the approach in Britain shows a strong bias towards parents from disadvantaged socio-economic backgrounds (especially vis-à-vis lone mothers), which constitutes a continuity with liberal notions of welfare. This finding throws up two puzzles: Firstly, how can we explain the expansions of family policies in two formerly strong male breadwinner countries? And secondly, why have policies in Britain and Germany developed along two distinct trajectories? Building upon established welfare state theories, we will investigate the socio-economic contexts and political agency contributing to the expansion of employment-oriented family policies in the ‘hostile’ environments of liberal Britain and Christian-Democratic Germany.

Explaining Family Policy Expansion I: Socio-Economic Drivers

The welfare state in the post-1945 era was largely built for workers in the industrial sector. As economies in the advanced OECD countries have increasingly become post-industrial (Esping-Andersen 1999; Iversen and Wren 1998) and have shifted towards various ‘adult worker models’ (Crompton 2006; Hantrais 2004, Lewis 2001), we would expect adjustments of welfare state arrangements from a purely functional perspective, as has been implicitly argued by the literature focusing on New Social Risks (Bonoli 2005; Taylor-Gooby 2004).

Both economies have undergone substantial transformations towards post-industrialism. Although the German economy still relies more heavily on the traditional manufacturing sectors than Britain, the major difference within the services sector is that Britain’s economy is much more reliant on the retail trade and hospitality sectors. Both countries have seen significant expansions of economic activity in the areas of financial and business services.

¹ Some observers (e.g. Wincott 2006) see the development of universalist childcare provision that breaks with liberal notions of welfare. However, one might want to question whether the low and targeted support we find in Britain does substantiate such an argument, though we acknowledge that for instance the part-time free early care and education could constitute the nucleus for more universalist policies in the future.
Figure 1: Value Added by Economic Activity, 1970-2007

Source: OECD Factbook 2009

Figure 2: Employment Rates by Economic Activity 1960-2007

Source: OECD.Stat
Largely in parallel to this transformation towards post-industrialism, female employment in both countries has significantly increased since the mid-1980s, as is shown in the following figure.

![Figure 3: Employment Rates by Gender, 1980-2007](image)

**Source:** OECD Factbook 2009

This increase in female employment has led to a significant increase in New Social Risks (Bonoli 2005) and work-life conflicts, especially those associated with reconciling work and family life (Crompton 2006), as both countries previously relied on the strong male-breadwinner model.

In addition to the increase in the overall activity rates of women, we witness significant shifts in the skill composition of the British and German workforces. Much of the literature on skills and social policy refers to the Varieties of Capitalism (VoC) literature (Hall and Soskice 2001; Iversen 2005; Estevez-Abe et al. 2001; Mares 2003). Essentially, the VoC approach differentiates between LMEs (such as Britain) and CMEs (such as Germany). While the latter are said to rely heavily on ‘industry-specific’ and ‘firm-specific’ skills to generate wealth, the former predominantly rely on ‘general’ skills (these are skills that are highly portable between firms as well as between industries). In CMEs, earnings-related pension and unemployment programmes are said to provide an incentive structure for workers to invest in specific skills. According to the VoC logic, such ‘positive’ effects would only be to the benefit of a small subset of businesses in LMEs. Whilst the VoC skills argument has been instrumental in explaining differences of national approaches to unemployment and pension policies during the 1980s, its ability to keep pace with changing labour markets and emergent New Social Risks has been far more limited. Notably, little consideration has been given to the way in which national skill profiles have begun to change with accelerating speed since the 1990s (cf. Hancké et al. 2007). In this light, it is not surprising that this literature is struggling to grasp recent expansions of family policies in Britain and Germany, as neither is considered to pro-
vide the socio-economic context for functionally feasible employment-oriented family polices (Estevez-Abe 2006, 2005). To provide a more nuanced picture of recent changes in skill compositions that is also able to better account for cross-national differences between post-industrial economies, we suggest an expansion of the VoC skills conceptualization by reclassifying ISCO-88 major groups into specific, ‘low’ general and ‘high’ general skills. Based on this skills differentiation, we are in a better position to analyze changes in the functional underpinning of various employment-oriented family policies (cf. Fleckenstein 2008).²

Following this re-classification of ISCO-88, changes in labour market composition in terms of specific skills can be observed in Britain and Germany. Overall, the two countries seem to differ less than would be expected based on the VoC literature. In both countries, a majority of workers are employed in jobs requiring general skills. They differ insofar as Britain has a higher percentage of workers employed in jobs requiring low general skills, whereas employment requiring high general skills has significantly increased in both Germany and Britain. Although specific skills are still more prominent in Germany, they have declined substantially over the past decade.

Figure 4: Employment by Skills in the UK and Germany

Overall, the data demonstrates that the German labour market is increasingly relying on jobs requiring general skills, while the VoC literature assumes a continued primary reliance on specific skills. Employment growth in jobs requiring high general skills has been faster than in the category of low general skills. In contrast the British labour market relies more heavily on jobs with low general skills.

² Due to space limitation we cannot fully develop our approach here, but a table summarizing our ISCO-88 re-classification can be found in the appendix.
Female employment in occupations requiring specific skills is marginal in both countries. With regard to high and low general skills, employment among women in both countries shows a high degree of skill polarization. While Germany shows a more ‘equal’ distribution between those employed in jobs requiring high general skills and those requiring low general skills, women in Britain are still much more likely to be employed in low skilled occupations.

![Figure 5: Female Employment by Skills](image)

Source: Eurostat, our own calculations.

Differences in the prevalence of high and low general skills might provide the functional underpinning for continued differences in employment-oriented family policies. The large percentage of jobs in the UK requiring low general skills only, particularly the high incidence of women in such jobs, may have underpinned an expansion of family policies which has been more tailored to those with lower incomes. By contrast, the much more equal distribution of jobs requiring low and high general skills might have facilitated an employment-oriented family policy addressing the specific ‘needs’ not only of low-skilled workers, but workers with high general skills. However, an increase of labour market participation and changed skill compositions do not automatically trigger an expansion of employment-oriented family policies.

As changes in labour market participation and employment patterns have intensified work-life conflicts for many parents (Crompton 2006), it is plausible that these have triggered a set of new electoral preferences and an increased political salience of family policies. As some research indicates, gender is an important emerging variable explaining policy preferences and voting behaviour, more so than the classical conceptualizations of class (Inglehart and Norris 2000; Kitschelt and Rehm 2006). In tight electoral competitions, vote and office-seeking politicians are very likely to address issues raised by the female electorate. In accordance with a trend seen in many countries, Campbell (2004) has shown that there is a gender gap among

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3 However, we acknowledge that some improvements for middle-income households were introduced as well.
the British electorate and that younger women tend to be more left-leaning than older women and support policies expanding education and healthcare provision. Election results of the past three federal elections in Germany also show a clear gender gap, i.e., women, especially young women, are much more likely to vote for the Social Democratic Party and left parties more generally. Especially in the 1998 election, the Christian Democrats had extreme difficulties mobilising young female voters, many of whom had deserted them to vote for the Social Democrats. Christian Democrats were aware that the gender gap had to be narrowed, if they were to regain office (cf. Molitor and Neu 1999). After two elections, the Christian Democrats were able to narrow the gender gap and to significantly improve their perceived competency in the field of family policy. In 2005, voters ascribed both major parties the same level of competency in the field of family policy (Neu 2006).

Although family policies compete with many other policy areas, and policy preferences in one policy domain are usually related to policy preferences in other domains, survey data on the appropriate role of mothers vis-à-vis employment may provide us with a relatively good indication of the extent to which the public supports employment-oriented family policies. Using ISSP data, we find that over the past three decades the electorate in both countries has become more supportive of mothers with small children working. Nevertheless, a majority among the British electorate continues to favour a male breadwinner model at the beginning of the 21st century, at a time the government was promoting an employment-oriented family policy. The gender cleavage is significant, but very weak; 55 percent of female respondents prefer mothers to stay at home, if they have a child under school age. This might be explained as a consequence of a historically deep-rooted ‘ideology of motherhood’ (Lewis 1980). The data (not separately shown) also demonstrates that younger respondents are more likely to support the notion that mothers of small children should be working.

**Table 1: Attitudes towards Mothers Working in Britain**

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</thead>
<tbody>
<tr>
<td></td>
<td>Work full-time</td>
<td>Work part-time</td>
<td>Stay at home</td>
<td>Work full-time</td>
<td>Work part-time</td>
<td>Stay at home</td>
<td>Work full-time</td>
<td>Work part-time</td>
<td>Stay at home</td>
<td>N</td>
</tr>
<tr>
<td>2002</td>
<td>3.3</td>
<td>35.9</td>
<td>60.8</td>
<td>735</td>
<td>3.9</td>
<td>38.7</td>
<td>57.3</td>
<td>1683</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>4.4</td>
<td>40.9</td>
<td>54.6</td>
<td>948</td>
<td>5.5</td>
<td>33.7</td>
<td>60.4</td>
<td>475</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>3.9</td>
<td>38.7</td>
<td>57.3</td>
<td>1683</td>
<td>5.7</td>
<td>31.5</td>
<td>62.7</td>
<td>872</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5.5</td>
<td>29.0</td>
<td>65.5</td>
<td>397</td>
<td>5.9</td>
<td>33.7</td>
<td>60.4</td>
<td>475</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>2.8</td>
<td>30.5</td>
<td>74.7</td>
<td>538</td>
<td>2.3</td>
<td>27.4</td>
<td>70.2</td>
<td>120</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ISSP, Family and Changing Gender Roles

Although initially more conservative the preferences of the German electorate, especially the female electorate, have profoundly changed since the late 1980s. Whereas in the late 1980s, the support for the male-breadwinner model seemed to be rock-solid among male and female respondents, a clear majority of women at the beginning of the 21st century prefer mothers with small children to work, primarily part-time. Although differences between East and West (not shown separately) have had a significant influence on the aggregate data and continue to
persist, we witness a seismic shift in attitudes among females between the mid-1990s and early 2000s.

Table 2: Attitudes towards Mothers Working in Germany

<table>
<thead>
<tr>
<th></th>
<th>Work full-time</th>
<th>Work part-time</th>
<th>Stay at home</th>
<th>total N</th>
</tr>
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<tbody>
<tr>
<td>2002 Male</td>
<td>5.6</td>
<td>42.4</td>
<td>52.1</td>
<td>609</td>
</tr>
<tr>
<td>Female</td>
<td>6.3</td>
<td>56.1</td>
<td>37.6</td>
<td>617</td>
</tr>
<tr>
<td>Total</td>
<td>6.0</td>
<td>49.3</td>
<td>44.8</td>
<td>1226</td>
</tr>
<tr>
<td>1994 Male</td>
<td>3.5</td>
<td>34.0</td>
<td>62.5</td>
<td>1581</td>
</tr>
<tr>
<td>Female</td>
<td>4.5</td>
<td>40.2</td>
<td>55.3</td>
<td>1526</td>
</tr>
<tr>
<td>Total</td>
<td>4.0</td>
<td>37.0</td>
<td>59.0</td>
<td>3107</td>
</tr>
<tr>
<td>1988 Male (West-Germany)</td>
<td>1.7</td>
<td>20.1</td>
<td>78.3</td>
<td>1196</td>
</tr>
<tr>
<td>Female</td>
<td>2.0</td>
<td>24.4</td>
<td>73.9</td>
<td>1522</td>
</tr>
<tr>
<td>Total</td>
<td>1.9</td>
<td>22.3</td>
<td>75.8</td>
<td>2718</td>
</tr>
</tbody>
</table>

Source: ISSP, Family and Changing Gender Roles

The evidence for Germany seems to suggest that we witnessed a significant change in attitudes around the time family policies began to change with an accelerated speed in the early 2000s, whereas the more ‘conservative’ attitudes in Britain would suggest, especially with a majoritarian electoral system, no popular ‘demand’ for an employment-oriented family policy, as a clear majority of respondents preferred mothers to stay at home. However, even in the overall rather ‘unfavourable’ British context, political parties could have an electoral incentive to promote family policies in order to ‘micro-target’ crucial sub-groups of the electorate, such as young women that are not only more likely to experience work/family conflicts but also generally more receptive to family policies. This is not only a reasonable avenue for future research on the British case, but also for other countries, as we know relatively little about electoral preferences in the family policy domain and the way political parties ‘process’ changes within their electorates.

Explaining Family Policy Expansion II: Political Agency

Although the analysis of the socio-economic drivers (including the electoral preferences) offers great insights into the functional and political underpinnings of recent family policy expansions, the establishment of solid causal linkages requires an investigation of political agency in policy-making. We thus need to take a closer look at the various key political actors, their interests and role in family policy-making. Conceptually, we build upon Korpi’s (2006) differentiation between ‘protagonists’, ‘consenters’ and ‘antagonists’. Although this approach offers valuable categories for classifying different kinds of actors, it fails to capture actors that were not involved in the initial agenda-setting, but subsequently advocated policies proactively. Such actors do certainly not qualify as protagonists, but would also be misperceived if reduced to consenters with second-order preferences only. Thus, it appears appropriate to include the category of ‘promoters’, i.e. actors that have a first-order preference for certain policies, but were not involved in the initial agenda-setting.

We acknowledge that it is very difficult to disentangle cause and effect, as preferences voiced in surveys at least to some extent may also be reflecting the prevailing socio-economic circumstances.
Looking at the early rise of family policies in Nordic countries, it has been shown that a combination of social democracy and a highly ‘organized women’s movement’ has been crucial for the development of comprehensive employment-oriented family policies, whilst women’s organisations as effective drivers for family policy change are said to have been less effective in Christian Democratic and liberal welfare states (Huber and Stephens 2006: 156 f.; Iversen and Stephens 2008). One measure used in the analysis to assess the impact of organized women is the female representation in parliament (Huber and Stephens 2001). Over the past decade, female representation both in Westminster and the German Bundestag has increased significantly. Lovenduski and Norris (2003) argue that, “women politicians in all the major British parties (not just Labour) do bring a different set of values to issues affecting women’s equality, in the workplace, home, and public sphere.” And indeed, Annesley (2007) links the rise of the adult worker model with the increase of female MPs, women in key ministerial positions and the Women’s Unit headed by the Minister for Women. Since, this development is still relatively new and the percentage of female representation is relatively small (not only in comparison to the Swedish trendsetter but also Germany), it is yet not fully clear whether the increase in female representation has had a significant impact on policies. The higher female representation in the German Bundestag, however, might indeed explain the more inclusive and comprehensive approach of employment-oriented family policy expansion in Germany. Nevertheless, so far the literature on the role of female representation with regards to family policies is still inconclusive (cf. Bonoli 2005; Lambert 2008; Lewis 2001). Thus, it appears that one should move beyond crude proxies such as the share of female members of parliament and government and towards an in-depth analysis of female agency in policy-making to explore not only whether but also under which conditions women in politics could make a difference.

![Figure 6: Seats held by women as a percentage of total seats in parliament, 1975-2007](source: Comparative Welfare State Data Set, for data since 2003 see http://www.ipu.org)
Turning our attention towards political parties, we find the Conservative Party in Britain more or less continued to adhere to the notion in the 1990s, whereby the family was mainly a private affair that needed to be protected from government intervention, complying with traditional path dependence arguments. The 1997 Conservative Manifesto stated: “the family is undermined if governments take decisions which families ought to take for themselves. Self-reliance underpins freedom and choice.” With regards to specific family policies the Conservatives only mentioned the Family Credit, pledged to make childcare more affordable and allow non-working parents to transfer their personal tax allowance to the working partner (The Conservative Manifesto 1997). However, some deviation from the traditional voluntarism in UK family policy was suggested with the Tory discourse on ‘family breakdown’, which was mainly associated with ‘lone motherhood’ and ‘welfare dependency’. In addition to calling for a revival of traditional family values, the Conservative government sought to address the identified social ‘problem’ by increasing employment participation of low-income families (Lister 1996).

The Labour Party on the other hand included a much more comprehensive family policy agenda in its election manifesto. Although they emphasised work as a core element of their family policy, New Labour explicitly mentioned in a section entitled “Work and Family” a number of policies to underpin and support the employment of working parents. These included a National Childcare Strategy and the introduction of unpaid parental leave. Furthermore, the Labour Party emphasised that “there must be a sound balance between support for family life and the protection of business from undue burdens” (Labour Manifesto 1997), indicating their aim to implement their strategy in accordance with business needs. These two election manifestos exemplify the policy differences between the parties and demonstrate the role of ‘protagonist’ taken by the Labour Party on employment-oriented family policies. The policy differences between the parties came to the open in the parliamentary debates on the various measures introduced by New Labour in the subsequent years. The Tories have at various times highlighted the negative effects of these new initiatives for small and medium-sized enterprises and emphasized that those parents who wanted to care for their children personally should also be supported; only through such an approach would it be possible to achieve choice for parents.

The prominence family policies have been ascribed by New Labour provides some evidence for the parties matter thesis (Huber and Stephens 2001; Korpi 1983; Schmidt 1996), as we should expect social democrats to pursue family policies that promote dual-earner rather than male breadwinner families (Seeleib-Kaiser et al. 2008). Having said this, this theoretical account fails to provide an explanation for the New Labour’s policy strategy of focussing on low-income families, complying with notions of liberal welfare.

The German case appears rather differently. In the first Red-Green government (1998-2002), proposals in the domain of family policy were mainly driven by the objective of gender equality. However, policy changes remained relatively modest, as they were identified by the Social Democratic Chancellor Gerhard Schröder of not having great significance. Furthermore, the Social Democratic Family Minster, Christine Bergmann, failed to garner sufficient support for a gender equality bill, mainly as a result of the more or less solid opposition among the business community (Leitner 2003). After the 2002 election, with Renate Schmidt as Family Minister, a new political leadership was appointed, and senior policy advisors within the Family Ministry began to rethink the approach to family policy. The concept of ’sustainable family policy’ was developed along five indicators: (1) increase of the fertility rate to 1.7

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5 Available at [http://www.psr.keele.ac.uk/area/uk/man/con97.htm](http://www.psr.keele.ac.uk/area/uk/man/con97.htm).
6 Available at [http://www.psr.keele.ac.uk/area/uk/man/lab97.htm](http://www.psr.keele.ac.uk/area/uk/man/lab97.htm).
per woman; (2) improve the reconciliation of work and family to increase the fertility rate and employment rate; (3) increase the employment rate of both parents to reduce the risk of poverty among children; (4) improve early childhood education, to improve the overall level of education and reduce future poverty risks; and (5) improve the competency of parents in childrearing to secure the optimal development of children (Ristau 2005). Despite this reorientation and although the Red-Green government enacted a number of further measures, it was reluctant to introduce a comprehensive reform of the parental leave along the lines of policies implemented in Nordic countries. Observers suggest that this was due to the fact that the Social Democrats feared a backlash from Christian Democrats.7 Furthermore, the Social Democrats had to cope with the federal system in expanding childcare facilities. In other words, although the Social Democrats might be characterized as protagonists on the issue in accordance with the parties matter approach, they did not pursue it with full steam. The parties matter thesis loses further strength in its explanatory power after the 2005 election with the advent of the grand coalition, in which the Christian Democrats rather than the Social Democrats promoted the expansion of employment-oriented family policies.

Although the political responsibility for the Family Ministry was handed over to the Christian Democratic politician Ursula von der Leyen, policy proposals did not significantly change. Moreover, the process of changing existing family policies even accelerated. The architect of the concept of ‘sustainable family policy’ within the Ministry, Malte Ristau, who was initially appointed by the Social Democrats as a ‘political’ civil servant, continued to work for the new Minister. The new Minister von der Leyen made the expansion of employment-oriented family policies, including an earnings-related parental leave as well as the expansion of public childcare facilities, a top priority, but had to overcome the severe opposition by conservatives within her own party. Some of this opposition could be neutralized by the political backing that she received from the Christian Democratic Chancellor Angela Merkel. Thus, although Social and Christian Democracy had promoted family policies until the end of the 1990s that were primarily driven by rather different political objectives – gender equality in the case of the former, and a modified male breadwinner strategy in the case of the latter –, policies started to converge in the late 1990s and early 2000s towards the concept of ‘sustainable family policies’ that is mainly concerned with increasing employment and fertility rates.

Comparing the party politics in both countries, one could argue that in Britain the Labour Party acted as a clear protagonist with regards to the expansion of employment-oriented family policies. However, it has to be highlighted that its agenda was quite modest compared to the agenda put forward by other Social Democratic parties in Western Europe and Nordic countries. While in Germany the Social Democrats also acted as protagonists, they initially did so half-heartedly. The Christian Democrats, who for many years pursued a modified male-breadwinner strategy, started to advocate employment-oriented family policies after regaining power in 2005 and overcoming internal opposition. The Christian Democrats became the key actor pushing the agenda for an employment-oriented family policy approach.

Further insights on the political viability of family policies can be gained from analyzing the role played by the social partners. Starting with organised labour, the expansion of family policies has not been a top priority of unions in Germany. This is not surprising insofar as their members are not only predominantly male but also show a rather high average age; both not conducive to promoting family-friendly policies that are mainly to the advantage of younger female workers (cf. Anderson and Meyer 2006: 186; Ebbinghaus 2006). Although the Trade Union Congress (TUC) supported the general policy direction put forward by the

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7 Interview with senior bureaucrat in the Family Ministry.
Labour Party, employment-oriented family policies did not figure prominently on their agenda (cf. TUC 1997). Even though further scrutiny would be desirable if not necessary to develop a better understanding of organized labour and its preferences, it seems fair to classify trade unions in both Britain and Germany as consenters with regards to the policy-making process in the area of employment-oriented family policies; organized labour focused on other social policy programmes.

For a long time it has been argued that business has indeed a privileged position in the policy-making process (Lindblom 1977). Especially the power resource model has assumed that business in general opposes or at most are consenters with regards to the introduction and expansion of social policies (cf. Korpi 2006). However, building on research that has emphasized the role of employers and their associations in explaining welfare state development (Mares 2003; Swenson 2002), we expect employers to have been crucial in the recent drive for an expansion of employment-oriented family policies (Bonoli 2005). Employers’ engagement in the politics of social policy can essentially be viewed from three perspectives: First, employers could focus on obstructing welfare policies (‘antagonists’), as costs associated with such policies undermine the profitability of their businesses; in this scenario welfare states are essentially perceived as policies ‘against the market’ (Esping-Andersen 1985). Second, employers could act as ‘consenters’ supporting the expansion of employment-oriented family policies, as these policies are relatively cheap compared to other social policy programmes. But such support could also have its source in strategic considerations, i.e. employers agree to some consensus reluctantly to prevent even more far-reaching policies. Thirdly, employers can develop a first-order preference for the expansion of family policies, thus actively push such policies (‘promoters’) or even initiate policies (‘protagonists’), as these policies are perceived to support the socio-economic environment needed for sustainable business activities, especially during times of tight labour markets.

Ever since gaining power the Labour government aimed to work closely with the business community on its family policy agenda. It highlighted at various occasions that their policies would not only benefit working parents, but also business (cf. Lewis and Campbell 2007). The business community, however, did not uniformly support all the elements of the employment-oriented family policies and overall might be best categorised as a rather ‘reluctant’ consentor. In general, the CBI favoured voluntary arrangements for parental leave and flexible working time arrangements. It specifically highlighted the costs for small and medium-sized enterprises associated with these measures. Nevertheless, the CBI consented to the minimum requirements set out in the 1999 legislation regarding maternity leave and the introduction of parental leave (CBI 1999: 3). In the subsequent years, employers supported the increase in statutory maternity pay and provided lukewarm support for the introduction of paid paternity leave. However, they opposed the extension of the duration and the splitting of the leave between mothers and fathers as well as the entitlement to flexible working hours proposed by the government (CBI 2001: 11 ff.). Finally, they fully opposed the introduction of a separate paternity leave scheme (CBI 2006). With regards to childcare, however, the business community has been a promoter in advocating an expansion of affordable childcare. In 2001 the CBI stated:

“[I]t is the role of the state to provide childcare facilities that meet the diverse needs of working parents. Improving the quality, quantity, affordability and flexibility of childcare is key and will give parents – particularly lone parents – more opportunity to fully participate in the labour market and better balance the needs of work and family. The CBI supports the government’s National Childcare Strategy and believes it has led to positive developments in state-funded childcare provision. ... But the level of state-
funded childcare in the UK remains low in comparison with other EU countries and the CBI believes that more can be achieved in this area. The government should place more support behind childcare provision to raise it to a level in line with other member states.” (CBI 2001: 23).

In Germany, the Family Ministry significantly changed its policy approach and strategy after the election in 2002. After unsuccessfully pushing an agenda of equal opportunity/gender equality against the fierce opposition of the business community, the Ministry was now actively seeking the cooperation with the social partners, especially the employers’ associations, to build momentum for an employment-oriented family policy. Jointly with the employers’ associations, the Family Ministry launched an initiative promoting families as a “success factor for the economy”. This strategy was basically continued by the Christian Democratic Family Minister of the Grand Coalition.

Contrary to their British counterparts, German businesses developed an overall positive position towards the comprehensive employment-oriented family policies proposed by the government. In its position paper, the Confederation of German Employers’ Associations (Bundesvereinigung der Deutschen Arbeitgeberverbände, BDA) developed a rationale that primarily referred to imperatives derived from demographic developments. Essentially, the economy required more women in employment and ‘more’ children to ensure sufficient labour supply in the future, particularly skilled labour. Without promoting an increase in human capital, the country would not be able to maintain its capacity of innovation and competitiveness, as well as the system of social security. Consequently, the BDA called for family policies that put parents into a better position to make the choice of having children and to help them with work/family reconciliation, instead of policies that ‘compensate’ parents for the costs of children. The latter was considered to be inefficient, whilst the former boosted economic development. Insufficient childcare provision was identified as the greatest barrier to increasing female employment, which was viewed imperative in light of the need for highly qualified employees (BDA 2006: 3-9).

The family policy strategy of the BDA called for an expansion of childcare provision, in particular emphasizing the need to expand facilities for the under-3s. This included proposals for the improvement of opening hours, meeting the demands of working parents. Accordingly, the BDA supported childcare legislation both in 2004 and 2008, including the planned introduction of an entitlement to childcare for children older than one year in 2013. However, the BDA also proposed the introduction of binding curricula and raising the qualification profile of kindergarten staff (BDA 2006: 11f; BDA 2008). In addition, the Federation proposed the introduction of a tax credit of annually 6000 Euros for employment-related childcare costs to provide targeted support for working parents (BDA 2006: 15).

Unlike British business, the BDA fully supported the reform of leave policies, i.e. the introduction of the earnings-related leave benefit, which was in principle viewed to facilitate the fast return of parents to their workplaces. In fact, organised business was pushing for a more comprehensive reform guided by the adult worker model. Driven by labour supply arguments, German business was even calling for greater generosity for full-time working parents, proposing a flat-rate benefit of monthly 300 Euros for parents that wanted to engage in more than 30 hours of employment. However, the BDA was strictly opposed to the option of stretching the parental leave benefit to up to 28 months, as this was viewed as undermining the rationale of facilitating shorter leave periods. Likewise, the two additional ‘daddy months’ were viewed rather critically; instead, employers supported the so-called ’10 plus 2 model’. The employers’ association also suggested to incrementally reduce the maximum duration of the job
guarantee for parents caring for their children from three years to one year, following the expansion of childcare provision. (BDA 2006: 17-21; BDA 2008). 

This analysis of employer positions shows that German employers’ associations were not only ‘consenters’ in the drive for the expansion of employment-oriented family policies, but became ‘promoters’ with the first-order preference to change the previous family policy framework. Employers actively promoted the expansion of childcare facilities for children below the age of three and supported a reformed and earnings-related parental leave benefit, based on their assessment of economic needs. With regards to the latter, they emphasized that it would be greatly beneficial, if parents/mothers returned quickly to work after giving birth. Long-term leave policies would lead to a de-qualification of parents. In 2005, the President of the German Employers’ Association stated: “Based on the increased scarcity of skilled employees, we can no longer forgo the potential of highly qualified women and mothers.”

Conclusions

Britain and Germany have moved away from the strong male breadwinner model and introduced employment-oriented family policies. However, these policies differ significantly: as Britain relies on an approach primarily aimed at supporting the employment of low-income, low-skilled parents, Germany has embarked on a more universalistic trajectory with regards to childcare and an approach biased towards more highly skilled parents with regards to parental leave. We show that in both countries female labour market participation has increased significantly over the past decade, but again we can diagnose marked differences regarding the skill composition of the female workforce. Whereas in Britain an overwhelming majority of female workers are engaged in jobs requiring low general skills, we find a much more ‘equal’ distribution between jobs requiring low and high general skills in Germany. Analyzing attitudinal data, we observe a seismic shift in attitudes towards support of maternal employment in Germany, whereas in Britain a majority still seems to support the male breadwinner model.

Tracing the policy-making process, we find some support for the ‘parties matter thesis’, especially with regards to Britain. The situation in Germany is much more complex as the Social Democrats only half-heartedly pushed the issue onto the agenda, and the Christian Democrats became the crucial actor after the 2005 election.

In both countries, it is likely that female agency has contributed to the policy development. In Britain, female representation increased in Parliament as well as at the senior level of government. In the German case, we find an even greater increase in the level of female presentation in parliament, which since the 1990s is similar to the level found in Sweden during the 1980s. Although much of our evidence points to some positive impact of female agency, our findings are not yet robust enough to claim solid causal relationships or to identify under which conditions female agency in ‘non-social democratic’ welfare state makes a difference with regards to the enactment of employment-oriented family policies.

Further to this, we suggest that the role of employers has been crucial. Based on the parties matter thesis, we would have expected a more comprehensive approach in Britain, especially

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8 The other main employers’ associations also promoted the drive for employment-oriented family policies, although they did differ on minor issues (cf. DIHK 2006; ZDH 2007; BDI 2008).

as the Labour government was not faced with numerous veto players. Yet, as New Labour sought the support of employers, it could not pursue comprehensive policies, since the business community only supported the expansion of public childcare and the introduction and expansion of tax credits for low-income earners without any reservations. And within the Labour government, we find a powerful Treasury that appears to share many reservations of British employers. Finally, we hypothesize that the skills composition, i.e. the great reliance on female workers in occupations only requiring low general skills, has contributed to the preference formation among British employers, especially as the costs of childcare for low-income parents have been prohibitively high. Without expanded state intervention in childcare financing and provision, it would have seemed unlikely to increase labour market activity among this group.

As already indicated above, the ‘classical’ parties matter thesis cannot sufficiently explain the expansion of employment-oriented family policies in Germany. However, changed attitudes towards employment among the electorate and the gender gap in the federal elections have spurred the Christian Democratic Party to modernise its policy approach and promote an expansion of employment-oriented family policy, despite some strong intra-party opposition. In this process of modernisation, we are inclined to argue that organized business has played a crucial role, as it helped the Christian Democratic leadership to contain the conservative opposition in the party. Importantly, German business was in particular concerned about the long parental leave duration of highly qualified mothers. Thus, in the face of current and future skills shortages, employers support a comprehensive approach to employment-oriented family policy expansion that makes an even clearer break with male breadwinner policies.

In both cases the support of the business community seems to have been a crucial factor for the specific employment-oriented family policy trajectory taken. However, so far our analysis relating labour market and skill composition on the one hand to preference formation among employers is largely based on assumptions, very similar to the early VoC literature. Nevertheless, we have shown that the main employer’s association in Britain has clearly supported the expansion of public childcare and initially reluctantly consented to other elements of the employment-oriented family policy trajectory. In Germany, employers were much more supportive of the trajectory and perceived the employment-oriented family policy as a crucial element in securing the human capital needed for the future economic success of the country. Thus, it seems inappropriate to reduce family policies to the notion of ‘politics against the market’ (Esping-Andersen 1985); rather, certain family policy measures are better characterized as policies ‘for the market’ (Iversen 2005) in LMEs as well as CMEs. Hence, we should expect socio-economic drivers and political actors to differ from those that have dominated the ‘old’ politics of welfare.
References


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Appendix:

Table 1: Reclassification of Skills

<table>
<thead>
<tr>
<th>Major Group (ISCO 88)</th>
<th>Occupations</th>
<th>Skills Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Legislators, senior officials and managers</td>
<td>High general</td>
</tr>
<tr>
<td>2</td>
<td>Professionals</td>
<td>High general</td>
</tr>
<tr>
<td>3</td>
<td>Technicians and associate professionals</td>
<td>High general</td>
</tr>
<tr>
<td>4</td>
<td>Clerks</td>
<td>Low general</td>
</tr>
<tr>
<td>5</td>
<td>Service workers and shop and market sales workers</td>
<td>Low General</td>
</tr>
<tr>
<td>6</td>
<td>Skilled agricultural and fishery workers</td>
<td>Specific</td>
</tr>
<tr>
<td>7</td>
<td>Craft and related workers</td>
<td>Specific</td>
</tr>
<tr>
<td>8</td>
<td>Plant and machine operators and assemblers</td>
<td>Specific</td>
</tr>
<tr>
<td>9</td>
<td>Elementary occupations</td>
<td>Low general</td>
</tr>
</tbody>
</table>