The European Social Model under construction: Modernising welfare policies in Sweden and Great Britain during the time of the EU's Lisbon Agenda

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Abstract

The aim of this PhD thesis was to illustrate the modernisation of Swedish and British welfare policies during the time of the EU's Lisbon Agenda which aimed at reconciling social protection with labour market integration. Specifically it should be illustrated if both countries managed to cope with the weaknesses and shortcomings that European policy recommendations identified in relation to unemployment benefits, social assistance schemes, parental leave systems and childcare subsidies. The attempt to grasp which role (European) 'ideas' were able to play in national welfare modernisation processes between 1998-2008 constituted a key consideration in this regard.

By using a case-study design it is worked out that Sweden and Great Britain followed their European recommendations; not completely but significantly. Yet, causal connections can hardly be established and the overall development doesn't constitute a 'top-down' implementation of EU recommendations. In both cases a discourse analysis reveals that the realization of European ideas rather depends on party-political preferences and the arrangement of national discourses. It is shown that ideas become powerful in puzzling situations when existing discourses are challenged and in line with the work of authors like JØRGEN GOUL ANDERSSEN or VIVIEN A. SCHMIDT this thesis confirms the importance of an actor-centred perspective for explaining welfare policies. Considering Sweden as a socialdemocratic and Great Britain as a liberal welfare regime the PhD thesis aims as well at contributing to a better understanding of how policy reforms affected these two differing regime types. For the time during the Lisbon Agenda it holds that they moved 'closer' to each other and that welfare modernisation can be described as an exercise of making the social democratic welfare regime a better *social democratic* welfare regime and of making the liberal welfare regime a better *liberal* welfare regime.

Yet, in 2008 the international financial crisis hit the EU and two years later the Lisbon Strategy was replaced by the EU 2020 Strategy. The PhD thesis takes these developments into account, illustrates the major changes in Swedish and British welfare policies and compares them to the research period. Rather untypical developments in Sweden lead to the conclusion that there might be a certain 'carousel-effect' which seems to kind of reallocate 'problems' and 'solutions' between the different welfare regimes. For Great Britain the conclusion is drawn, that the conservative coalition government triggered a transformation process which wasn't first and foremost caused by the international financial crisis but represented more of a political choice to make the liberal welfare regime *more* liberal.

Zusammenfassung

Ziel der vorliegenden Dissertation war die Darstellung wohlfahrtsstaatlicher Modernisierungsprozesse in Schweden und Großbritannien während der Zeit der EU Lissabon Agenda, die soziale Sicherung verstärkt in Einklang mit Arbeitsanreizen bringen wollte. Konkret sollte herausgearbeitet werden, ob es beiden Ländern gelang ihren Schwächen und Defiziten beizukommen, welche durch Europäische Empfehlungen im Kontext von Arbeitslosenleistungen, dem Recht auf Sozialhilfe, Mutterschafts- und Elternurlauben sowie Fördergeldern für die Kinderfürsorge identifiziert wurden. Der Versuch zu erfassen, welche Rolle (europäische) ‚Ideen' in diesen wohlfahrtsstaatlichen Modernisierungsprozessen zwischen den Jahren 1998 und 2008 spielen konnten, stellte dabei einen zentralen Aspekt dar.

Durch das Herausarbeiten der wesentlichen Politikergebnisse im Rahmen zweier Fallstudien wird gezeigt, dass Schweden und Großbritannien den jeweiligen Europäischen Empfehlungen folgten; nicht vollständig, aber maßgeblich. Ein kausaler Zusammenhang ist jedoch kaum herzustellen und die Entwicklung insgesamt stellt keine ‚top-down' Implementierung Europäischer Empfehlungen dar. Vielmehr zeigt in beiden Fällen eine Diskursanalyse, dass die Umsetzung Europäischer Ideen eher von parteipolitischen Präferenzen und der nationalen Diskursgestaltung abhängt. Es wird gezeigt, dass die Macht von Ideen sich vorallem in ‚rätselhaften' Situationen entfaltet, wenn bestehende Diskurse ihre Erklärungsmacht verlieren. In Übereinstimmung mit Autoren wie JØRGEN GOUL ANDERSSEN oder VIVIEN A. SCHMIDT bestätigt die vorliegende Arbeit die Bedeutung akteurszentrierter und ideenbasierter Erklärungsansätze für wohlfahrtsstaatliche Reformpolitik.
Schweden als sozialdemokratisches Wohlfahrtsregime und Großbritannien als liberales Wohlfahrtsstaatssystem begreifend, wird argumentiert, dass sich beide Regime durch ihre Reformpolitik ähnlicher geworden sind. Aus dem sozialdemokratischen schien dabei ein besseres *sozialdemokratisches* Wohlfahrtsregime und aus dem liberalen ein besseres *liberales* Wohlfahrtsregime gemacht zu werden. Mit Einsetzen der Finanzkrise in 2008 veränderten sich jedoch die Bedingungen und 2010 wurde die Lissabon Strategie von der neuen EU 2020 Strategie abgelöst. Bis dato eher untypische Entwicklungen in Schweden veranlassen zu der Vermutung, dass es einen ‚Karussell-Effekt' gibt, der Probleme und Problemlösungen zwischen den unterschiedlichen Wohlfahrtsregimen neu verteilt. Der Fall Großbritannien hingegen zeigt, dass dem liberalen Wohlfahrtsregime eine noch stärkere liberale Ausrichtung gegeben wurde und dass dieser Prozess von der Idee her politisch gewollt war.

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1 Introduction

In the year 2000, against the background of high unemployment rates nearly everywhere in the European Union during the late 1990s and the significant economic and social challenges that the enlargement process of the EU was expected to bring about, the EU set herself a new strategic aim. At the Lisbon summit in March 2000 the European Council agreed upon a ten-year strategy with the aim "to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion" (European Council 2000). Thus, Europe's 'face' in the future should not only be characterised by competitiveness and flexibility but also by the assurance of social cohesion and social inclusion. The problem of such an approach is, however, that achieving competitiveness and social cohesion at the same time seems almost tantamount to squaring the circle. Many scholars have referred to the fundamental trade-off between efficiency and equity in this regard and emphasised that a reconciliation of the two is nothing else but difficult (de Mooij & Tang, 2003, p. 93).

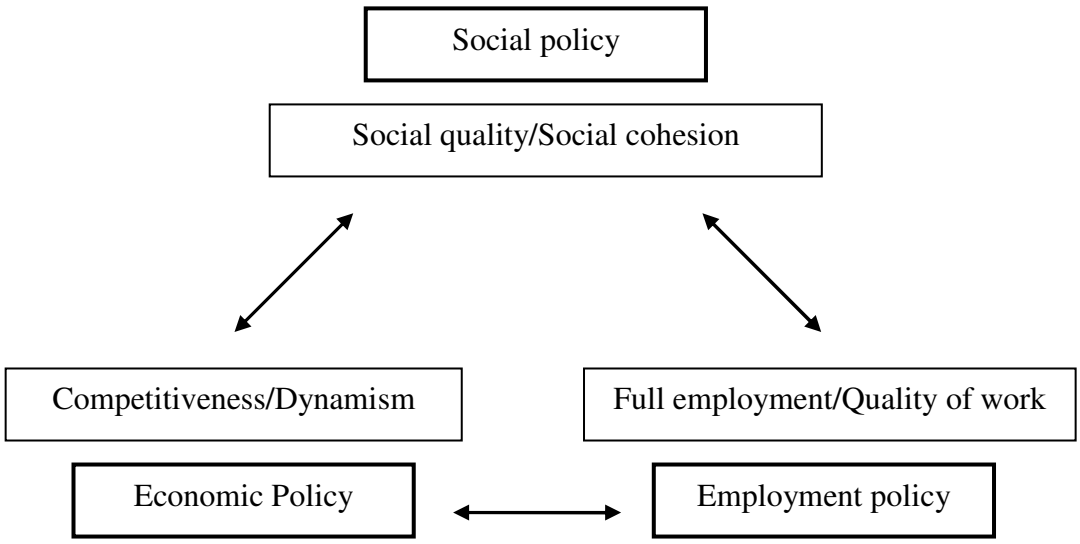
How this linkage looked like, especially as regards the modernisation of the European Social Model which was put on the political agenda at the Lisbon summit, will be analysed in the following chapter.

1.1 The Lisbon Strategy and the modernisation of the European Social Model

The Lisbon summit has formulated the most definite agreements in the context of raising European employment rates. Article 30 of the Council's Presidency Conclusions established the goal of raising the overall employment rate close to about 70 per cent by 2010 and stipulated specifically that the women's employment rate should be increased to more than 60 per cent by the same year (European Council 2000). One year later the Stockholm European Council even took up to raise the employment rates for people between the age of 55 and 64 to about 50 per cent by 2010 (European Council, 2001, para 9). The background for introducing such explicit goals is mentioned in the Lisbon Council's Presidency Conclusions as well. The statement clearly comprises the expectation that extending the labour force will significantly contribute to securing the "sustainability of social protection systems" (European Council 2000). But the Lisbon conclusions made also clear that in order to reach the 'sustainability' mentioned, the European social protection systems themselves needed to be modified and adapted to the new overarching employment goals. This topic is then dealt with

under the headline of 'modernising the European Social Model' (ESM) and when reading through the Lisbon Presidency Conclusions from this point of view the most obvious catch phrases are the aims of 'investing in people' and 'building an active welfare state' (Ibid, para 24). In this regard the text primarily stresses the importance of 'an active employment policy' which should comprise the attempt to 'improve employability' and to 'reduce skills gaps'; furthermore, 'equal opportunities', making it easier to 'reconcile working life and family life' and the need to 'improve childcare provision' are mentioned (European Council, 2000, para 24,25,29). The Presidency Conclusions further state that the ESM with its social protection systems has to ensure 'that work pays', that 'long-term sustainability in the face of an ageing population' is secured, that 'social inclusion' and 'gender equality' is promoted and that 'quality health services' are provided (Ibid, para 31).

The positive interaction of economic, employment and social policy took centre stage as well in the EU's *Social Policy Agenda*, which had been agreed on at the Nice Summit in December 2000. The Agenda's most important guiding principles were to strengthen the role of "social policy as a productive factor" (European Commission, 2000b, p. 5) and "to ensure a positive and dynamic interaction of economic, employment and social policy" (Ibid, 6):



Graphic 1: A 'virtuous circle of economic and social progress' (European Commission, 2000b, p. 6)

The idea of such a 'virtuous circle of economic and social progress' was a particularly important focal point of the Lisbon Strategy since the EU saw the urgent need to catch up again with the US economy which, especially during the 1990s, had produced much better results in the context of stable economic growth rates (European Commission, 2000b, p. 6). Developing a "comprehensive strategy of mutually reinforcing economic and social policies" was thus one of the major commitments inherent in the Lisbon Strategy and the Social Policy Agenda and the aim of successfully dealing with contemporary "technological and societal changes" took centre stage in this regard (Ibid, 6p). The key message was that "growth is not an end in itself but essentially a means to achieving a better standard of living for all. Social policy underpins economic policy and employment has not only economic but also a social value" (Ibid, 13). Against this background it was pointed out as well, however, that the modernisation of the European Social Model certainly needed to underpin 'economic dynamism' and should comprise 'employment-generating reforms' (Ibid, 7).

Of course such claims raise important questions and the most obvious one probably is what the ESM actually is considered to be. Is it anything more than the attempt to promote sustainable economic growth and social cohesion at the same time? The descriptions of the ESM in scholarly works remain vague. JEPSEN and SERRANO PASCUAL for example argue that the concept of the ESM is "used with differing meanings in accordance with rather ambiguous definitions" (Jepsen and Serrano Pascual 2005, p. 232). Similarly, GOETSCHY states that there is no 'cohesive' or 'comprehensive' European Social Model (Goetschy 2006) and FRANZ-XAVER KAUFMANN holds that one can speak at best in an analytical sense of a European Social Model with only fractional tendencies of convergence in the welfare design of the different EU member states (Kaufmann 2005). So, what is this all about when the Lisbon Strategy puts the modernisation of the European Social Model so high on the political agenda?

One quite helpful contribution for grasping what the European Social Model actually is has been given by ANTON HEMERIJCK. He assumes that all European welfare states share three distinctive characteristics. Among them, namely at the *cognitive level*, is the "recognition that social justice can contribute to economic efficiency and progress" (Hemerijck, 2002, p. 1) as has been elaborated above. Beyond that he identifies "a common commitment to social justice" at the *normative level*, which is based on the promise that "society will not abandon those who fail" (Ibid). And at the *institutional level*, he considers the ESM to be characterised by "high degrees of interest organisation and comprehensive negotiations between the

government and the social partners […]" (Ibid, 2). Another very helpful attempt to identify the core of the ESM has been delivered by JEPSEN and SERRANO PASCUAL who differentiate between several clusters of definitions. In the first of these clusters (1) the European Social Model is assumed to consist of certain "common features" like institutions, values etc. which are considered to "enabling a distinctive mode of regulation as well as a distinctive competition regime" (Jepsen and Serrano Pascual 2005, p. 234). In the second cluster (2), which is primarily based on the work of ESPING-ANDERSEN, the ESM is considered to be an ideal model that is "enshrined in a variety of different national models" (Ibid). The third cluster of definitions (3) identifies the ESM rather as a "European project and a tool for modernisation/adaptation to changing economic conditions" (Ibid). The emphasis here is rather on the development of an overarching model and not so much on emphasising what the different national models, as identified by ESPING-ANDERSEN, have in common (Ibid, 235). To the three clusters of definitions that JEPSEN and SERRANO PASCUAL identified with reference to the scholarly literature available they added a fourth one of their own. According to their understanding (4) the ESM can be considered as a political project and a concept "whereby […] a common European solution may be provided to problems that are politically constructed as common to a varying degree" (Jepsen and Serrano Pascual 2005, p. 238). Against this background, the two scholars then argue that the European Social Model "is very much a political project aimed at building a European identity, not so much via common institutions and values as via – *precisely* – the common social-policy solutions themselves" (Ibid).

Looking at these four clusters of definitions from a more analytical perspective JEPSEN and SERRANO PASCUAL recognize two main schools of thought that are underlying them (Ibid). The first one acknowledges the ESM to be a 'historical acquis', which consists of different institutions and the results that they produce and which are now threatened by processes like the economic integration in the EU or population ageing etc. (Ibid). On the contrary, the second school of thought regards the ESM more as an approach to get along with such circumstances (Ibid, 239). Personally, I would agree with JEPSEN and SERRANO PASCUAL and the second school of thought, which considers that the European Social Model is "rather than something external waiting to be discovered, a political project, and therefore, a social and political construct […] of how to deal with current socio-economic challenges" (Jepsen and Serrano Pascual 2005, p. 239). In other words, the ESM is socially constructed and an attempt of the European institutions to gain legitimacy as well as to foster a "sharing of problems and

intervention solutions (policy paradigms)" (Ibid, 240). The Open Method of Coordination, as the major European policy coordination process, is quite helpful in this regard as it acknowledges the diverging values and policy designs in the member states but at the same time reduces the complexity of the different national social protection systems by formulating indicators and policy goals which can create 'common' problems and challenges (Ibid).

After having introduced the different already existing definitions of the European Social Model and its characteristics, now a few further remarks will be presented on the meaning of the Lisbon Strategy's official goal: to achieve competitiveness and social cohesion at the same time, for the practical welfare policies in European member states. HEMERIJCK for example argued that the initial point for all European welfare states is a "service sector trilemma" (Hemerijck 2002), which means that the welfare states are confronted with "a tough choice between full employment, income equality, and fiscal restraint" (Ibid, 5). Depending on the respective welfare regime, namely the liberal, conservative, and socialdemocratic one – here HEMERIJCK relies on ESPING-ANDERSEN'S understanding of the ESM as an 'ideal model' which is shaped by the different national policy designs – the difficulties that arise may vary. But before going into details it is important to make clear what a 'welfare regime' actually is. Above all it does not refer to individual social policies but "to the ways in which welfare production is allocated between state, market and households" (Esping-Andersen, 1999, p. 73). In other words, it is the 'privat-public mix' that represents the most distinctive feature of ESPING-ANDERSEN'S typology (Esping-Andersen, 1999, p. 74). Confronted with a lot of criticism regarding the basic criteria that were used for the construction of his typology and the claim that a fourth welfare regime should be distinguished, ESPING-ANDERSEN himself pointed out that his typology was kind of 'static' as it was based on the socio-economic conditions that were typical for the 1970s and 1980s (Ibid). "It was a typology too narrowly based on income-maintenance programmes, too focused on only the state-market nexus, and too one-dimensionally built around the standard male production worker" (Ibid). But nevertheless his typology of welfare regimes remained one of *the* starting points for the analysis of welfare state development during the last decade. The 'service sector trilemma' already mentioned which – according to ANTON HERMERIJCK – any welfare regime faces, was for example formulated in 2002 on the basis of ESPING-ANDERS's typology. Furthermore, as will be illustrated in a later chapter of this thesis, ESPING-ANDERSEN's argument that welfare-state regimes and employment regimes tend to coincide and therefore lead to the identification

of three respectively four European employment regimes, namely the English-speaking countries, Continental Europe and Southern Europe and the Nordic countries, has been adopted by authors like SAMEK LODOVICI in 2000 or BERTOZZI and BONOLI in 2002. So, in order to asses which challenges the Lisbon Strategy has in store for the different European welfare states it is still helpful to work with ESPING-ANDERSENS definition of the ESM being an 'ideal model' which is enshrined in the different welfare regimes described in the following.

The Liberal Welfare Regime

According to ESPING-ANDERSEN the liberal welfare regime reflects "a political commitment to minimize the state, to individualize risks, and to promote market solutions" (Esping-Andersen, 1999, p. 74pp). Social benefits are first and foremost restricted to "bad risks" and a "narrow definition of who should be eligible" (Ibid, 75). As a result liberal welfare regimes are mostly characterised by very low social security benefits, if they are existing at all. Especially family services are hardly available since from the liberal perspective these are tasks which are clearly attributed to the market and to individual responsibility and not to the welfare state (Ibid, 76). In sum, ESPING-ANDERSEN thus concludes that the liberal welfare regime can above all be characterised by the 'encouragement of market' and 'residualism' (Ibid). J. MAGNUS RYNER, writing on the same topic, summarised it in a quite similar way: "The state only contravenes the market logic through a residual means-tested 'safety-net' – social assistance, intended for those 'problem-cases' that are not capable of providing for their own protection through market performance" (Ryner, 2002, p. 30).

The Social Democratic Welfare Regime

Compared to the liberal welfare regime the social democratic one is according to ESPING-ANDERSEN committed to "comprehensive [and socialised] risk coverage, generous benefit levels, and egalitarianism" (Esping-Andersen, 1999, p. 78). 'Market dependency' as well as the role of 'needs-based assistance' is tried to be minimized and equality for all individuals is tried to be maximised (Ibid, 78pp). Social benefits are thus granted as universal entitlements that are based on citizenship and not on means-testing (Ibid). Beyond that the social democratic welfare regime is characterised by its strong commitment to employment which on the one hand becomes evident by quite a huge public sector that offers jobs especially for women and on the other hand by active labour market policies which try to exhaust the

available possibilities to train or retrain benefit recipients (Esping-Andersen, 1999, p. 80). To this aspect belongs as well the attitude that "the welfare *state* must guarantee that all people have the necessary resources and motivation to work (and that work is available)" (Ibid). In order to understand why such a particular form of statism is characteristic for the social democratic welfare regime one has to be aware that in Nordic countries the belief was dominant that the individual could be liberated from the institutions of civil society through the institutions of the state.

> "In sharp contrast to Continental Europe, the social contract on which the welfare state was built is one between the individual and the state at the expense of the intermediary institutions of civil society, such as the family, the churches, and private and voluntary charity organisations. The latter are associated not with pluralism and freedom, but with demeaning private charity, unequal patriarchal relations, and informal (ab)uses of power" (Trägårdh 2007: 29pp).

So, due to the fact that the idea of individual autonomy played such a prominent role in the development of the social democratic welfare regime it comes as no surprise that almost all welfare programs in Sweden are tied to the individual person.

The Conservative Welfare Regime

According to ESPING-ANDERSEN the conservative welfare regime is characterised by an emphasis on "compulsory social insurance, complemented with more or less ad hoc residual schemes for strata without a 'normal' employment relationship […]" (Esping-Andersen, 1999, p. 83). Beyond that the conservative welfare regime usually is characterised by 'corporatist status divisions' like for example the distinction between blue- and white-collar workers in the context of pension policies (Ibid, 82). Typical are as well aspects which ESPING-ANDERSEN subsumes under the topic 'familialism', namely the male bread-winner characteristic of social policy designs and the assumption that the family is "ultimately responsible for its members' welfare" (Esping-Andersen, 1999, p. 83). Social assistance, for example, will not be awarded if other family members can support the person in need (Ibid). As regards its management of employment the conservative welfare regime traditionally promotes a 'passive approach' which offers a strong job protection for male adults who are in employment and is only marginally flanked by an active labour market and training policies (Ibid). The careers of women, especially married ones, are often discouraged by the design of tax policies (Ibid, 84).

If we, against the background of the welfare regime descriptions above, come back once again to ANTON HEMERIJCKS 'service sector trilemma', which refers to the attempt of reaching the goals of full employment, income equality, and fiscal restraint at the same time, the following picture emerges: Due to the very high welfare costs in the Nordic welfare regime the issue of fiscal restraint is necessarily quite high on the political agenda. Yet, according to HEMERIJCK, constraining the budget and adhering to wage equality at the same time would mean more unemployment in this regime type (Hemerijck, 2002, p. 8). In Great Britain, a liberal welfare regime, income equality is the most urgent problem since the expansion of low paid jobs produces whole groups or areas of socially disadvantaged and excluded people (Ibid, 14).
For the conservative welfare regime, on the contrary, the biggest challenge is to stimulate employment and growth (Ibid, 9). Not least due to the circumstance that "the institutional environment has remained 'frozen' in the traditional male breadwinner mold" (Ibid) especially the potential of women's employment is by far not utilised enough, as HEMERIJCK states. So, to what extent the Lisbon Strategy's goal of achieving competitiveness and social cohesion could be fulfilled was among other things a question of how the EU member states designed their welfare policies during the years 2000–2010. Was it for example possible for Great Britain to introduce measures which significantly contributed to more wage equality, like for example human capital development? And were the Nordic countries during these years able to reduce their fiscal burden without challenging the major comforts of their welfare state? Could the Continental countries increase particularly female employment by corresponding measures to reconcile work and family? Following ESPING-ANDERSEN'S approach of interpreting the ESM as an 'ideal type' these are indeed some interesting questions which are worth to be considered. But how do European welfare states actually reform themselves?

Theories of welfare state change

Apparently, theories of welfare state change seek to explain why and how welfare states change, but each of them takes another perspective and focuses on different variables. All of these theories certainly have their 'explanational power', but it should be kept in mind what VIVIEN SCHMIDT pointed out: "Political reality is vast and complicated. No one methodological approach is able to explain it sufficiently. Each gets at a different piece of reality, at different levels of abstraction, with different levels of generalizations, and different objects and logics of explanation" (V. A. Schmidt, 2008, p. 322).

'Power resource' explanations for example assume that policies can be influenced by the political power-distribution between different societal groups or, alternatively, classes with conflicting interests (M. G. Schmidt et al., 2007, p. 40). The most important scholars who worked on the basis of this argumentation are MANCUR OLSON, WALTER KORPI and GØSTA ESPING-ANDERSEN. But the 'parties matter theory', which expects that left-wing parties usually focus on the fight against unemployment while right-wing parties consider price-stability to be the most important goal (M. G. Schmidt et al., 2007, p. 52p), also belongs to the explanations of welfare state change which consider it to be important to look at who is holding the political power. Working with this approach are for example DOUGLAS HIBBS, EDWARD TUFTE as well as ALEXANDER HICKS and DUANE SWANK.

Taking a quite different perspective for conceptualising welfare state change is the socio-economic approach of KARL MARX which assumes that while societal and political modernisations proceed and the economic wealth increases, traditional institutions like the safety net that for example a family is able to provide are more and more challenged (M. G. Schmidt et al., 2007, p. 30). Another approach that does not focus either on power-resources in the first place is the so called 'International Hypothesis'. Its core argument states that during the last few decades the national capacities to act independently have changed significantly due to the surrounding international conditions that are characterised by more 'interdependency', an increasing 'integration into the world market', 'liberalisation of trade and capital markets' as well as the 'European integration process' (M. G. Schmidt et al., 2007, p. 75). Authors who write in the tradition of this hypothesis are for example FRITZ SCHARPF, STEPHAN LEIBFRIED and PAUL PIERSON. PETER TAYLOR-GOOBY'S 'New Social Risk' approach that considers economic and social changes to be "associated with the transition to a post-industrial society" (Taylor-Gooby, 2004 p. 2p) can be mentioned in this regard as well.

Taking another perspective again for explaining welfare state developments are those scholars who base their work on the assumption that political institutions have an essential influence on the actions of political decicion-makers (M. G. Schmidt et al., 2007, p. 63). Yet, such 'institutional explanations' comprise very different analytical approaches which use differing starting points concerning the question of how institutions actually matter and how preferences are formed. 'Rational Choice Institutionalism' for example "focuses on the institutional constraints on the rational action of individual actors" (Torfing, 2001, p. 280pp) and the researchers who are working in this tradition, like amongst others AREND LIJPHART, EVELYNE HUBER, CHARLES RAGIN as well as JOHN D. STEPHENS and GEORGE TSEBELIS,

assume that preference formation has to be conceptualised as *exogenous* to the institutional context. 'Historical Institutionalism', on the other hand, claims that "institutions structure political situations and leave their own imprint on political outcomes" (Thelen and Steinmo, 1992, p. 9). Authors who write their texts in this tradition, like for example RICHARD ROSE and PHILLIP L. DAVIES or PAUL PIERSON, understand differences in public policies primarily as a result of intended or unintended consequences of previous political decisions (M. G. Schmidt et al., 2007, p. 85). In contrast to the first two institutional approaches mentioned the third category, namely the *Sociological Institutionalism (SCI)* emphasises the way in which institutions influence behaviour by providing "formal and informal rules, norms, etc., but also [of] beliefs, codes, symbols, paradigms, and different forms of knowledge" (Torfing, 2001, p. 283). Quite close to this third approach is a fourth one which VIVIEN SCHMIDT has called 'Discursive Institutionalism' and which comprises those works in political science that are somehow rooted in the three institutionalist traditions previously mentioned, but "take account of the substantive content of ideas and the interactive processes by which ideas are conveyed and exchanged through discourse" (V. A. Schmidt, 2010, p. 3).

Generally it can be argued that all those theories of welfare state change which put ideas and their significance for the design of public policies into their focus are somehow based on the conviction "that individuals are members of some community which shares cognitive frameworks, value systems, world-views, paradigms, belief systems etc" (Braun, 1999, p. 14). But again, even such 'ideational approaches' differ in regard to their argumentation of how ideas can be used by political decision-makers and how they finally influence public policy. There are sociologists like JOBERT and MULLER who consider a political system to be divided into different policy fields with each of them being coordinated by a so called 'référentiel sectoriel' or sectoral world-view that offers so called 'last principles' or 'basic values' (Ibid, 17). But there are as well scholars like PETER HALL, who assumes that ideas taking the form of so called policy paradigms have themselves an ability to 'persuade' and to leave their imprints on the final decision of political actors (Nahrath, 1999, p. 48). The major difference according to NAHRATH thus relates to the conceptualisation of the 'power of ideas' (Ibid, 49). While some researchers consider ideas to be "to a certain extent independent and autonomous", others consider them to be "embodied in actors defining their identity and interests and orienting their actions" (Nahrath, 1999, p. 49). Another difference between the existing 'ideational explanations' concerns their emphasis on politics seen as a power-seeking process or politics seen as an argumentative process (Braun 1999). The former idea

characterises the work of those authors that I have already mentioned above, JOBERT and MULLER as well as PETER HALL, but GARRETT and WEINGAST or SABATIER amongst others, too. To view politics as an argumentative process is a rather typical approach for authors who write in the tradition of social constructivism and argue that the beliefs and preferences of individuals are formed through the interaction with other community members (Cox, 2001, p. 473). In this vein there is for example JØRGEN GOUL ANDERSEN who promotes a 'constructivist model of changes in welfare policies' and points out that current research over-emphasizes economic challenges and under-emphasizes the importance of agency, which is particularly "the *formation* of ideas, perceptions, and preferences among decision-makers" (Goul Andersen, 2000, p. 3).

Now, after this short summary of the major theories of welfare state change the reader has to be aware that this thesis will rely on an 'ideational approach' when analysing contemporary modernisation processes of the welfare state. The major reason for this decision is rooted in the fact that welfare state modernisation which is construed from the Lisbon Strategy takes place through the 'Open Method of Coordination'. I agree with BRUNO PALIER, who argues that the main target behind this policy coordination process is "[i]nfluencing national ideas in welfare policies" (Palier, 2008, p. 46). Therefore, an ideational approach looks most promising to me in order to grasp welfare modernisation processes that are conceptualised as a response to such European impulses. Besides, 'ideational approaches' are not yet a 'number one choice' in the analysis of welfare state modernisation. For example, when having a look into MANFRED G. SCHMIDTS textbook *Der Wohlfahrtsstaat – Eine Einführung in den historischen und internationalen Vergleich (2007)* one will realize that there is no explicit ideational approach mentioned among the six theories that are referred to as most important regarding comparative public policies. With the help of an analysis from this point of view I therefore expect to gather insights into contemporary welfare state development which diverge from standard explanations. Anyway, in the second chapter of this thesis the reader will find a much more detailed description of the different theories of welfare state change and the arguments for my decision to focus on an ideational approach for my research.

Path dependency

In order to answer the question of how European welfare states actually reform themselves one concept has always played a central and important role and this is the concept of path

dependency. It assumes that well established paths guide policy-makers through reform processes and that they are able to constrain their options in this regard. Beyond the rather broad conceptualisation that 'past choices affect future processes' (Mahoney 2000) path dependence means that so called lock-in situations can emerge which arise as a result of 'increasing returns processes'. PAUL PIERSON argues as following in this regard:

> "In an increasing returns process, the probability of further steps along the same path increases with each move down that path. This is because the relative benefits of the current activity compared with other possible options increase over time. To put it a different way, the costs of exit – of switching to some previously plausible alternative – rise" (Pierson, 2000, p. 252).

However, during the last few years the rather narrow understanding of path dependency, which derives societal development nearly exclusively from 'historical paths', has been given up and "a softening of institutional approaches" (Goul Andersen, 2007, p. 4) can be observed instead. Certainly, the view that welfare reforms follow 'path-dependent solutions' and that radical model changes are 'institutionally ruled out' remains unchallenged (Esping-Andersen et. Al., 2001, p. 203). But nowadays more and more scholars point out that the agency of political actors should be considered especially as a determining factor of welfare state development. In this regard BIRGIT PFAU-EFFINGER suggests "to use a broader concept of path dependency and to interpretate the restructuring as a process in which the development of ideas, interests and institutions interacts in complex and often contradictory ways" (Pfau-Effinger, 2004, p. 2). Beyond the claim that a broader concept of path dependence is needed in order to interpret welfare state restructuring PFAU-EFFINGER points out that there is always the possibility that "an existing path can be left and a new one chosen by the main social actors" (Ibid, 12). In such a case she speaks of 'path deviation'. The major causes of such a path deviation have to be seen according to her in "changes of the principle goals and cultural values on which the structures and policies of the welfare state institutions refer" (Ibid, 14). As an example she mentions the development of policies towards family and care which have been pursued in recent years (Ibid, 13). In contrast to the fact that welfare policies – especially in the conservative welfare regimes – used to support a traditional role allocation, PFAU-EFFINGER now identifies significant changes in the sense that "childcare and elderly care were reconnected as 'work' even if it is provided by relatives in the private household, and responsibility of the state" (Ibid, 13). Apparently this development, together with the increasing importance of gender equality on the political agenda, has lead societal actors to

leave the existing path in family and care policies and to chose a new one instead (Ibid). Such path deviations can be expected to occur in other dimensions of the welfare state as well. As GOUL ANDERSEN pointed out welfare change during the 1990s was primarily a matter of retrenchment and cost containment. But today, as he emphasises, we are on the way towards "targeting", towards an "enabling state", towards "a social investment state", towards "activation of social protection" etc. (Goul Andersen, 2007, p. 5).

Convergence

Apart from the rather general statement that policy convergence characterises the development of 'becoming more alike' CHRISTOPH KNILL defines it as:

> "any increase in the similarity between one or more characteristics of a certain policy (e.g. policy objectives, policy instruments, policy settings) across a given set of political jurisdictions (supranational institutions, states, regions, local authorities) over a given period of time. Policy convergence thus describes the end result of a process of policy change over time towards some common point, regardless of the causal processes" (Knill, 2005, p. 768).

The main driving forces for convergence processes as identified by the corresponding literature lie beyond the national level and rather relate to international developments such as "internationalization, globalization, Europeanization" (Kuitto, Jahn, and Düpont, 2011, p. 4). So, should we expect a significant convergence process connected to the Lisbon Strategy and its policy coordination processes? AMITSIS et al. (in a report for the Hellenistic Presidency) come to the conclusion that with the attempt to unite so many different political actors and so diverse welfare state designs "OMC constructs a welfare type […whose] connecting principles […] are the common concern, the will for co-ordination and the pursuit of commonly agreed objectives and common methodology" (Amitsis et al. 2003:124). As a consequence they expect that the hitherto existing idea of a 'single' European Social Model will be abandoned for the benefit of a decentralised ESM which reflects the national diversities that can be found in the EU's different welfare systems (Ibid). So, due to the fact that the EU promotes with the Open Method of Coordination such a decentralised approach and considers the variety of welfare institutions as legitimate, a "partial and sectorally diversified convergence" (Kuitto et al. 2011:6) is by far the most realistic scenario that can be anticipated. If we then take into account what ROBERT COX said about the path dependence of an idea, namely that due to a strong commitment to for example the idea of a Scandinavian model there will be a tendency of extending this label so far that even significant policy

changes would not make this 'Scandinavian model' disappear (Cox 2004:204), the Lisbon Strategy with the Open Method of Coordination will not change very much as regards the convergence debate. Path deviations will certainly be identified, but the overall characteristic of the different welfare regimes will remain. Without anticipating my own research conclusions there can be cited for example PETER TAYLOR-GOOBY, who analysed in the year 2005 that "while similarities in new policy agenda emerge, there is no obvious convergence: the distinctive character of different regime types and their attendant policy paradigms remains" (Taylor-Gooby 2005:9). Altogether, it thus does not look very promising to search for an overarching convergence process connected to the Lisbon Strategy that would merge the different European welfare regimes into one centralised supranational welfare state. Instead it seems by far more realistic to expect path deviations which at best may lead to the 'partial and sectorally diversified convergence' that KUITTO ET AL. already spoke of.

1.2 Research questions and theses

When I first heard about the agreements that had been reached at the Lisbon European Council in the year 2000 I thought that especially the new targets in the context of increased employment rates were very interesting. Then, after a closer look at these targets and how the EU wanted to achieve them, I was very surprised that the EU member states in fact had agreed on the Lisbon Agenda. It was obvious that for a lot of countries this meant to accept and develop new kinds of policies and above all to deliver much better policy outcomes. I sensed that the general agreement on the Lisbon Agenda reflected a real atmosphere of departure and I became very curious whether this attempt to 'think big' was to be successful. Since it is one of the major characteristics of the Lisbon Agenda to consider economic, employment and social policy as mutually reinforcing, I was, however, not so much interested in simply analysing if the employment goals formulated in the agreement could be reached. By far more interesting was the question to what extent for example social protection policies would be used in order to 'maximise' the efforts of meeting the employment targets formulated at the Lisbon European Council. In this regard I expected that the EU in the context of the Lisbon Strategy and more explicitly in the framework of the European Employment Strategy would formulate corresponding recommendations for the member states. Certainly the recommendations for the different member states could be assumed to differ quite clearly since the design of national social protection policies varies considerably

which leads to diverging reform-options in order to reach the new European employment targets. So it is against this background that I formulated my two major research questions:

(1) Were EU member states able to eliminate their 'weaknesses' in the context of social protection policies as identified in the framework of the Lisbon Agenda?
(2) Why or why not did EU member states succeed to eliminate their 'weaknesses' and how significant were 'ideas', specifically EU-level ideas, in this regard?

Of course there are a lot of more specific questions which can be derived immediately from these two major research questions and which have to be addressed if a comprehensive answer wants to be given. What exactly are the 'weaknesses' that EU member states shall try to eliminate? How do for example the specific recommendations and the reform agenda look like that the European Commission is promoting? Are these EU-level ideas picked up by national policy makers and can they be identified in national discourses? Under which circumstances do EU-level ideas have significance for national reform processes? When member states reform their social protection policies in the way recommended by the European proposal, to what extent do they learn from each other and do such reform processes lead to 'path deviations' in national welfare policies? In order to answer these questions I will rely on several hypotheses accompanying my research, which in the end should allow me to present some convincing results for my two major research questions. In parts these theses are based on the remarks that I have given in the previous chapter and relate to the following:

(a) The Open Method of Coordination as a policy coordination process:
Following the argumentation of BRUNO PALIER the Open Method of Coordination will be understood as "a new form of intervention in the EU that is less aimed at institutional harmonisation or legislation than at harmonising ideas, knowledge and norms of action, in order to have policy goals converging towards 'a common political vision'" (Palier 2008:46). Therewith the main target that stands behind this policy coordination process becomes "[i]nfluencing national ideas in welfare policies" (Ibid).

(b) The specific role of the Commission in the scope of the OMC:

Following the assessment of JEPSEN and SERRANO PASCUAL I will consider the European Commission as playing "an important persuasive role in providing concepts which structure the current political and scientific debates" (Jepsen and Serrano Pascual 2005:233). Especially in the context of the European Employment Strategy, within which the practical recommendations for reforming national social protection policies are given, the Commission is clearly able to form the policy agenda. The fact that it is the European Commission who proposes the European Employment Guidelines, which are then decided by the Council, plays not the least important role in this context. JANINE GOETSCHY has stated in this regard that the Commission in the EES plays "a crucial and methodical coordinating role: it structures the behaviour of the multiplicity of actors, channels conflicts, organizes alliance-building and socializes the actors to share its definition of issues and objectives" (Goetschy 1999:135).

(c) The concept of European employment regimes:

Tackling the question if EU member states were able to eliminate their 'weaknesses' in the context of social protection policies I will resort to the concept of employment regimes which has primarily been promoted by ESPING-ANDERSEN. According to his argumentation "welfare-state regimes and employment regimes tend to coincide" (Esping-Andersen, 1990, p. 159). Therefore three respectively four European employment regimes can be identified: the English-speaking countries, Continental Europe, Southern Europe and the Nordic countries. Against this background I will argue that, especially since the initiation of the Lisbon Strategy in the year 2000, the European actors – first and foremost the Commission – have accepted the superiority of a certain model of employment and promoted a kind of pragmatic "compromise between the liberal and the Nordic models" (Bertozzi and Bonoli 2002:8). The latter circumstance is actually not so surprising as one has to keep in mind that the Open Method of Coordination emanates from the idea of initiating a convergence process in welfare policies based on the best results of all the parties involved. Consequently the employment regimes with the best performance are chosen as benchmarks in the OMC process. As employment and social protection policies are interlinked this is more or less tantamount to favouring also a design of social protection policies which arises from the traditions of the liberal and the Nordic

employment regime. This nexus is an important aspect when identifying the 'weaknesses' that member states have to eliminate for better performance.

(d) The concept of the European Social Model:

I will argue that the elimination of national weaknesses in social protection policies is part of the attempt to modernise the European Social Model. The latter I will first and foremost understand in the sense of JEPSEN AND SERRANO PASCUAL who argue that the ESM is 'a political project' that aims at creating a European identity by proposing common policy solutions (Jepsen and Serrano Pascual 2005:238). Yet, as indicated above, I will argue as well that the common social-policy solutions that are 'constructed' are situated somewhere between the Nordic and the liberal traditions. In this sense I consider ESPING-ANDERSEN'S argument that the ESM is rather an 'ideal model' being 'enshrined in a variety of different national models' as absolutely compatible with the conclusions of JEPSEN AND SERRANO PASCUAL.

(e) The concepts of policy convergence and path dependency:

Due to the fact that with the Open Method of Coordination the EU promotes a rather decentralised approach of policy coordination and considers the variety of welfare institutions as legitimate, a "partial and sectorally diversified convergence" (Kuitto et al. 2011:6) as KUITTO ET AL. expect it, is by far the most realistic scenario that can be anticipated. I will follow this argumentation and therefore expect to identify 'path deviations' rather than changes in the overall characteristic of the different welfare regimes. Altogether I will rely on a quite broadly defined variant of the concept of path dependency which emanates from the idea that political decision-makers actually do have the possibility to affect welfare state development in the way that "an existing path can be left and a new one chosen […]" (Pfau-Effinger 2004:12).

1.3 Research design

> "The function of a research design is to ensure that the evidence obtained enables us to answer the initial question as unambiguously as possible. […] In other words, when designing research we need to ask: given this research question (or theory), what type of evidence is needed to answer the question (or test the theory) in a convincing way?" (de Vaus 2001:9).

According to DAVID DE VAUS, social researchers typically ask two different types of research questions, namely 'what' and 'why' something is going on (de Vaus 2001:1). In order to answer the first question a descriptive approach is necessary while in order to answer the second question the research tries to explain (Ibid).

Descriptive research

First of all, a good descriptive research is necessary to be sure about the facts on which a scientific work shall be based (de Vaus 2001:2). But beyond that a good descriptive research is essential, because it "provokes the 'why' question' of explanatory research" (Ibid). Applied to my case, if one finds out that the EU member states indeed are able to eliminate their weaknesses in social protection policies as identified in the context of the Lisbon Strategy, the next question would be: why are they doing it? Yet, before answering this 'why' question I have definitely to make sure that my 'basic premise' is right and that I intend to explain a phenomenon which is really in existance (Ibid).

Trying to identify which type of evidence is needed in order to answer my descriptive research question I come to the following conclusions: The elimination of weaknesses in EU member states' social protection policies is supposed to be pushed forward with the Open Method of Coordination which "creates iterative back and forth movements between the national and the European level" (Palier 2003:13). So, trying to grasp if the member states are really successful in reforming their policies according to European ideas and recommendations I need to look at both levels, the European and the national one. In the first case my major focus will be on the rather intellectual process of developing a common vision of European social policies (Ibid), and I believe that the analysis of the European Commission's agenda as regards reconciling social protection systems with incentives for labour market integration is a good starting point for illustrating this process. I consider this kind of reconciliation as particularly relevant since – according to the philosophy of the Lisbon Strategy – this is *the* positive contribution that social protection systems are able to provide in order to generate 'the most competitive and dynamic and knowledge-based economy' and to reach the formulated employment targets. Moreover, it is most likely that the actual policy recommendations for modernising social protection systems can be deduced from the Commission's 'reconciliation' agenda. It is namely the Commission which, in the framework of the European Employment Strategy, proposes any Employment Guidelines with

their corresponding recommendations before they are decided by the Council (see chapter 3.1.1.2).

In the second part of the investigation, which is the analysis of the national level, my focus will be on policy reforms and their contents. The 'national' evidences that I need in order to find out if the weaknesses as identified by European-level ideas are eliminated or not are the actual provisions of social security which find their expression in national legislations. Specifically, I decided to scrutinize if reforms were undertaken in the context of the following four welfare institutions: (1) unemployment insurance, (2) social assistance, (3) paid parental leave systems as well as (4) childcare services. Especially on the basis of the first two categories I will be able to verify to what extent the central demands of the Lisbon Strategy, namely to ensure that work pays and that the social protection systems are adapted as part of an active welfare state (European Council 2000:para 31), were translated into public policy. But the last two categories, which comprise the demand to 'reconcile work and family', focus on combining work and private life and are thus an attempt to keep people in the labour market as well (European Commission 2007b:12). Thus, an analysis of these four welfare institutions chosen seems altogether quite promising when it comes to illustrating the attempt of linking policies of social protection with labour market integration. Of course, the analysis of health care benefits and pensions would be an alternative as well, since this could lead to the identification of reforms that seek to implement financial incentives to take up jobs or to remain in work. But in order to narrow down the investigation to a reasonable and practicable range of material I decided to focus on those benefit recipients who in normal circumstances are in the best age of being employable. This means that I will exclude sick persons or pensioners and the corresponding benefit systems for these groups.

Altogether I expect that when it comes to identifying the weakness of national social protection policies which shall be resolved in the scope of European policy coordination processes, the two goals of Lisbon – 'making work pay' and 'reconciling work and family' – will come to the fore.

Explanatory research

After having laid the necessary basis with my descriptive research the next step will have to be to answer my 'explanatory research question', namely *why* do EU member states eliminate or do not eliminate their weaknesses in social protection policies in accordance with European-level ideas? In order to answer this question I have to rely on theoretical

explanations of welfare state change and I need to decide if I want to engage myself in theory testing or theory building (de Vaus 2001:5pp). As I agree with the argument of BRUNO PALIER that "[i]nfluencing national ideas in welfare policies has become one of the main targets of the EU" (Palier 2008:46) I consider the question to what extent an *ideational* approach can explain why or why not a EU member state complies with European-level ideas especially intriguing and most rewarding. Accordingly, I am above all interested in theory testing, which means that my observations "should provide a test of the worth of the theory" (de Vaus 2001:6). However, as a phenomenon needs to be scrutinized and evaluated from different perspectives as DE VAUS comments (Ibid, 11), I will discuss also some other influential theories of welfare state change, which I intend to consult when it seems appropriate to do so. A more detailed discussion of this topic can be found in chapter 2.

GOLDSTEIN and KEOHANE advice anybody interested in an investigation that relies on an ideational approach of the research to "begin by identifying the ideas being described and the policy outcomes or institutional changes to be explained. We must also provide evidence about the conditions under which causal connections exist between ideas and policy outcomes" (Goldstein and Keohane 1993:11). Following this conception an important question comes up: How can I assess the influence of European ideas, as promoted amongst others by the European Commission, without having any detailed and first-hand insight into the European policy coordination processes? Trying to solve this problem I finally realised that an intimate knowledge of the policy coordination procedure with all its potential to influence national decision-makers during the diverse meetings might not necessarily be required for my analysis. As BRUNO PALIER argued: „Most of the research that tried to assess the impact of the OMC on national policies found very disappointing results, as national policies remain oriented by national actors, trying to address national issues, keeping national trajectories" (Palier 2003:15). According to him the task is therefore less to assess the extent to which national decision-makers have been influenced by European guidelines but rather to find out in what way they were useful in the scope of interacting with other 'political players' in the home country (Ibid). I will thus try to find out in which situations the EU-level ideas gained relevance in national policy making and how the 'weaknesses' in social protection policies as identified on the European level are perceived and communicated by national decision-makers. In regard to the latter question I decided to focus on the discourse of both the major governmental as well as the major opposition party since their communications and

perceptions of European recommendations can be expected to be most influential for the development of welfare policies in the respective countries.

Type of design

My research project will be conducted with the help of case studies since – according to DE VAUS – a case study design is an appropriate choice if it is "necessary to understand parts of a case within the context of the whole" (de Vaus 2001:231). In the same vein YIN argues that "a major rationale for using [case studies] is when your investigation must cover both a particular phenomenon and the context within which the phenomenon is occurring […]" (Yin 1993:31).

A case study design thus helps me to analyse on the one hand if and why national weaknesses in specific policy fields, like let's say the unemployment insurance, were eliminated without loosing on the other hand the overall context in which such reform processes took place. One such context would for example be the attempt to reconcile social protection policies with incentives for labour market integration which is pursued in the scope of European policy coordination processes. As already indicated above my case study will consist of a descriptive part and an explanatory part. The descriptive part will highlight the most important aspects of the case, while first focusing on the European level and the attempt to develop a common vision of social protection and thereafter looking at the national level with its corresponding reforms and their contents. It has to be noted, however, that not even the descriptive part of the case study will present an absolutely perfect mirroring of reality but that it will always comprise aspects that fall under what must be called 'interpretation' (de Vaus 2001:225). There will always be "pre-existing conceptual categories" or "implicit theories" that I as the author will use in order to decide which information is relevant and important for my case (Ibid). The explanatory part of the case study is then clearly guided by theory, namely an ideational approach for explaining welfare state change. As DE VAUS states in this context: "[w]ithout a theoretical dimension a case study will be of little value for wider generalization" (de Vaus 2001:221).

In this context I want to point out that a 'wider generalization' of my findings will probably not be easy. The various welfare states existing in the EU have so many different peculiarities and weaknesses which go back to these differences that a wider generalisation is questionable. Apart from that, my personal resources do not suffice to conduct more than two case studies what makes a wider generalisation even more difficult. Consequently, I have decided to use

an 'idiographic' approach of explanation[1] which focuses on particular cases and aims at giving a complete explanation (Ibid, 233). In other words, I will undertake to draw an all-embracing picture of why the modernisation of social protection policies in a specific case has taken place or not. The criticism that even such a profound understanding does not change the fact that a case study can hardly contribute to "statistically valid generalizations" (Ibid) that go beyond the findings of a particular case is certainly legitimate. But what case studies according to DE VAUS *can* achieve, is a "theoretical generalization", which means that the researcher can ask "What does this case tell us about a specific theory (or theoretical proposition)?" (de Vaus 2001:237). From this perspective it is clear that "multiple cases […] can provide a much tougher test of a theory and can help specify the different conditions under which a theory may or may not hold" (Ibid, 227). Therefore, I intend to conduct two case studies which will at least provide more and better insights than just one. First, each case will be treated as a single unit before some 'cross-case comparisons' will be conducted in a later chapter of this thesis. As regards the time dimension the case studies will be characterised by a "retrospective design", which means that I have to reconstruct the "history of the case" by using documents as source material for the processes I want to analyse (Ibid).

Case selection and investigation period

Choosing a case study design means to select one or several cases for "theoretical and targeted purposes" (de Vaus 2001:239). This means that I already have 'to know something' about the cases which come into consideration in order to select those ones which possess the characteristics needed to answer my research questions and to test the theoretical approach that I have chosen (Ibid). So, being aware that my two major research questions are the following:

(1) Were EU member states able to eliminate their 'weaknesses' in the context of social protection policies as identified in the scope of the Lisbon Agenda?
(2) Why or why not did EU member states succeed to eliminate their 'weaknesses' and how significant were 'ideas', specifically EU-level ideas, in this regard?

[1] Opposite to this approach would be a ‚nomothetic explanation' which focuses on „partial explanations of a class of cases rather than a ‚full' explanation of a particular case" (de Vaus 2001:233).

I somehow had to narrow my choice. As I decided to base my research project on ESPING-ANDERSEN's categorization of a liberal, a social democratic and a conservative welfare regime, I recognised that some EU member states, let's say those that can be subsumed under the category of a 'liberal welfare regime', face rather similar challenges when trying to eliminate their weaknesses. At the same time, however, the challenges for these member states differ significantly from the challenges of others, let's say those which can be subsumed under the category 'social democratic welfare state'. Choosing the countries for my case studies on the basis of ESPING-ANDERSEN's categorization thus meant to make a decision between the following options: My analysis comprises either countries that are alike – which rather means to identify if countries that face the same challenges take the same political decisions or, alternatively, differing paths of welfare reform – or my analysis comprises countries whose challenges differ significantly – which rather means to identify if there is an common overall tendency to eliminate national weaknesses as identified in the Lisbon Strategy even if the required quality and content of reform varies. As I go beyond the mere categorisation of European welfare states into liberal, social democratic and conservative regimes and argue as well that the European Commission tries to provide common social-policy solutions which fall back on what can be called "a compromise between the liberal and the Nordic models" (Bertozzi and Bonoli 2002:8), I finally decided that looking at two countries with significantly differing challenges is more intriguing from my point of view. Analysing one country which falls under the categorisation Nordic welfare regime and another country which falls under the categorisation liberal welfare regime allows to illustrate how 'the best pupils in class' (Jacobsson, 2005), whose policies are quite often taken as benchmarks for other member states, behave. Comparing two countries belonging to these two categorizations will hopefully allow me to catch a glimpse of the European Social Model in its 'ideal type version', while bearing in mind that the ESM is first and foremost 'a political project' that aims at creating a European identity by proposing common policy solutions and that it is not something 'external' that just needs to be found (Jepsen and Serrano Pascual 2005:238).

Beyond that the weaknesses of the Nordic welfare regime do not coincide with those of the liberal welfare regime so that it is quite reasonable to expect that the systems will 'learn' from each other. If one of the two 'best pupils in class' is urged to reform parts of their social protection policies it is most likely that they will at least have a look at how the other 'best pupil in class' is designing the corresponding policies. Against this background I hope that

two case studies of welfare regimes which belong to different categorizations will not only allow me to answer my two major research questions convincingly but offer as well a chance to compare finally the two cases and to gain further insights into the role that ideas play for the modernisation of European social protection policies.

So, having in mind all these arguments the two countries had to be chosen that would serve as the basis for my case studies. In the end I decided in favour of Great Britain[2] on the one hand and Sweden on the other hand. The first one is *the* example for a liberal welfare regime in the European Union and the latter is *the* example for a social democratic welfare regime. As regards the latter case my knowledge of the Swedish language played a decisive role as well, since I consider it almost impossible to accomplish a convincing case study without being able to read and understand the primary sources. Last but not least, the comparison of these two countries appears to be promising since there exists a quite similar political point of departure in both cases as in Great Britain the New Labour Party has been in power since 1997 and the Social Democrats built a minority government in Sweden since 1998. When I started to work on my thesis both parties had also just won the elections in 2001 respectively 2002 so that a certain continuance in the distribution of political power was guaranteed. With the benefit of hindsight it is of course obvious that this situation has changed. While in Great Britain New Labour remained in power until 2010, the socialdemocratic Swedish government was replaced by a centre-right alliance in 2006. Of course this change of government had an influence on the 'ideational flow' concerning the modernisation of social protection policies, and these differing frame conditions have to be kept in mind when comparing the two case studies. However, just these differing frame conditions in Sweden and Great Britain could actually deliver some interesting insights for the 'theoretical generalization'. As already pointed out, multiple cases, and therewith distinctive cases, "can provide a much tougher test of a theory and can help specify the different conditions under which a theory may or may not hold" (de Vaus 2001:227).

As regards the time period chosen for the investigation I decided to start the analysis in 1998, since in this year the European Employment Strategy had already been initiated and the modernisation of the European Social Model was already actively pursued by for example the European Commission before finally being put on the EU's political agenda with the Lisbon

[2] My case study does not explicitly refer to Northern Ireland but instead draws on findings that are valid for England. Therefore, I decided not to speak of the United Kingdom of Great Britain and Northern Ireland but to use the term Great Britain, which admittedly, comprises England and the formerly independent countries of Wales and Scotland.

Council in 2000. The end of my analysis will be the year 2008, since this is the date when the world wide financial crisis reached its first peak. Even if the Lisbon Strategy was not terminated before 2010 I assume that the political priorities changed drastically towards the aim of 'saving costs' in the face of this financial crisis. The emerging picture of the elimination of the weaknesses in social protection policies as defined by the Lisbon Strategy therefore is disturbed after the year 2008. Of course, it has to be mentioned that the economical situation in the EU had already been changing for the worse since the year 2000. The mid-term review of the Social Policy Agenda stated in this regard that "[t]he early 2000 economic optimism has been replaced since 2001 with an economic slowdown which is turning out to last longer and cut deeper than originally anticipated by economic experts" (European Commission 2003a:3pp). But the execution of ideas about the modernisation of social protection systems has certainly not been affected in the same way as it has since the beginning of the world wide financial crisis in 2008. To sum up, a time period which ranges from 1998 to 2008 suggested itself as a reasonable choice for my research project.

Nervertheless I will illustrate as well the welfare modernisation policies thereafter and scrutinize which particular policy decisions were taken in Sweden and Great Britain since the year 2008. Following the international financial crisis, the European Union had to face the so called 'Eurocrisis' which consisted of a sovereign debt crisis, a bank crisis and an economic crisis and as already mentioned the significance of the idea of modernising the European Social Model clearly faded for the benefit of solving the immediate crisis situation. Especially the optimistic spirit that prevailed during the time when the Lisbon Strategy was initated and that promoted the believe of being able to create a 'virtuous circle of economic and social progress', was considerably less noticeable since 2008. Due to the international financial crisis as well the parameters on the national level changed dramatically. It shall thus be tried to grasp the major consequences and effects which had to be recorded after the research period particularly for welfare policies on the national level but as well for the characterisation and the development of the European Social Model.

1.4 Methodology

The method by which the data for answering a research question are collected has to be clearly differentiated from the research design. According to DE VAUS "[m]any research

methods texts confuse research designs with methods. It is not uncommon to see research design treated as a mode of data collection rather than as a logical structure of the inquiry" (de Vaus 2001:9). My own research will be characterised by a data *collection* that is based on documents and a data *analysis* that is based on a discourse analysis. As regards the documents that are used I will select the most important ones from a rather narrowly circumscribed political context. This means that in the case of illustrating the EU-level ideas which are promoted in the scope of modernising social protection policies I will primarily consult the Communications of the European Commission, Presidency Conclusions or decisions and resolutions of the European Council. As regards the two national case studies I will primarily rely on party programmes, party platforms, speeches by politicians and some media commentaries. Yet, in order to illustrate if Great Britain and Sweden have introduced some new policies in accordance with the European recommendations I need of course to include sources from outside the rather narrow political context. This means that I will consult legislative texts, government publications, as well as texts of public agencies like the unemployment benefit society, jobcentres, national tax offices, national boards of health and welfare or the national boards of education.

The decision to choose the discourse as framework for my analysis has primarily been based on the assumptions that "[d]iscourse approaches explain how actors promote particular policies in particular contexts by linking the new agenda to national values" (Taylor-Gooby 2005:26) and that "they clarify the complexity of the process whereby paradigm change takes place, so that a particular approach becomes more or less influential" (Taylor-Gooby 2005:7). This assessment of TAYLOR-GOOBY is shared as well by CAMPBELL who argues that "if we are concerned with understanding how ideas themselves affect policy making, then a more fruitful approach is to focus on the nature of political discourse" (Campbell 2002a:31). My own research focuses on the one hand on the question to what extent ideas formulated at the EU level are working as constraints or facilitators in national policy making and on the other hand the question if and under which circumstances policy-makers are 'breaking out' of old policy paradigms respectively. In other words, it is the intention of my thesis to grasp how significant EU-level ideas are for national policy making and if national policy makers link these EU-level ideas to their national traditions of welfare policies. Following up what has been said above, a discourse approach thus seems most promising in order to conduct my research.

After having studied the corresponding scholarly literature I decided that the most fruitful way in this regard is to go back to the research of VIVIEN SCHMIDT who has worked intensively with discourse analysis in the context of welfare state development. Her definition of discourse claims that discourse "consists of whatever policy actors say to one another and to the public in their efforts to generate and legitimize a policy programme. As such, discourse encompasses both a set of policy ideas and values and an interactive process of policy construction and communication" (V.A. Schmidt, 2002, p. 210). In rather general terms, VIVIEN SCHMIDT argues similarly as JAMES MARCH and JOHAN OLSON who "see discourse as a central part of democratic governance, helping to consolidate political identity, define political action, and interpret political events" (Schmidt 2001:231). But in detail she takes a much narrower approach since the focus of her work is primarily "on the discourse of policy elites within a given issue area" (Ibid). This fits quite well with my own purposes with the major difference being that the issue area which SCHMIDT focuses on is the political-economy and in my case it will be the social protection systems. SCHMIDT herself argues that her account of discourse has much in common with the approach of SABATIER'S 'advocacy coalitions', HALL'S approach of 'policy paradigms' or the 'référentiel' approach of JOBERT AND MULLER (see chapter 2.6 for a more detailed account). Nevertheless, she argues that the focus of these approaches

> "tends to be at the coordinative stage of discourse, where the groups at the centre of policy construction tend to come up with the ideas and meanings that form the bases for collective action and identity. My approach goes farther than most of these […] by connecting this "coordinative" stage of the discourse to the "communicative", by considering how policy elites persuade the public of the validity of the policy programs they constructed" (Schmidt 2001:232).

Especially the latter intention, to consider "how policy elites persuade the public of the validity of the policy programs they constructed", is an important aspect for me. For my attempt to illustrate if and why national social protection systems in Great Britain and Sweden were reformed during the time of the Lisbon Strategy VIVIEN SCHMIDT's approach of a discourse analysis seems thus very promising in general; particularly her approach of focusing on the connection between policy discourse and policy programme and the ideational processes of change are an intriguing aspect for my own work. A policy discourse according to SCHMIDT is:

> "[T]he sum of policy and political actors' accounts of a policy programme's purposes, objectives, and ideals which serve as a guide to action by defining the concepts and norms to be applied, identifying the problems to be solved, explaining the methods to be followed, developing the policy instruments to be used, and all in all, framing the national policy discussion within a given policy arena" (V.A. Schmidt, 2002, p. 214).

Overall, the ability of a policy discourse to be successful thus depends not only on the 'cognitive' and 'normative' principles on which it is based, but also its ability to underpin a political programme or agenda that needs to be supported by the decision-makers and the electorate in the end (V.A. Schmidt, 2002, p. 229pp). As a consequence, 'change' is assumed to come about "as a result of crisis in the policy discourse and/or programme" (Ibid, p. 225). According to SCHMIDT it has to be taken into account that such a crisis can either be rooted in external events or in internal contradictions between the policy discourse and the policy programme (Ibid). In order to explain why a new discourse, and therewith a new policy programme, becomes prevailing, SCHMIDT argues furthermore that the corresponding background needs to be taken into consideration. In this regard she assumes that (a) particular events might "create enough uncertainty to leave an opening to ideas and values that challenge the predominant ones", (b) "eroding interest coalitions" might cause a "discursive re-conceptualisation", (c) "institutional constraints" could break-up "in the face of a crisis or new interest realignments" and (d) even "cultural norms" might increasingly be on trial in a situation of crisis and uncertainty (Ibid, p. 251). So, this is the background against which I will try to analyse how significant European recommendations have been for the development of national policy discourses and the formulation of national social protection policies. Nevertheless, despite all the advantages that a discourse analysis in the vein of VIVIEN SCHMIDT's approach enjoys for the conduction of my research, one must not forget what PETER TAYLOR-GOOBY pointed out: discourse approaches are certainly very helpful for understanding the reforms of welfare policies but "they cannot in themselves provide a complete explanation" (Taylor-Gooby 2005:8). He argues that "the process whereby a particular paradigm is developed and established" obviously involves the discourse but as well the power resources of actors who try to influence the political process (Ibid). Now, having said this and keeping TAYLOR GOOBY'S warning in mind, the second chapter 'theoretical explanations of welfare state change' gives an overview about the the most relevant mechanisms and causes of public policies including VIVIEN SCHMIDT's approach of discourse analysis.

1.5 Structure of the PhD thesis

After this introduction follows *chapter 2* which gives an overview of the most important theories of welfare state change. In the foreground of the chapter's reasoning are the different perspectives of argumentation and the different variables on which these theories focus in order to explain public policies. In addition, the meaning of focusing on an 'ideational' approach for conducting my research will be illustrated and why I use the 'constructivist model of changes in welfare policies' of GOUL ANDERSEN in this regard.

Chapter 3 then sheds light on the development and significance of the European Commission's policy agenda in the context of the attempt to reconcile European social protection systems with labour market integration. While approaching the answer to my research questions this is a necessary step as the 'weaknesses' which EU member states are supposed to eliminate are identified by reference to the European coordination processes and in these processes the European Commission plays a decisive role and is a kind of 'creative director'. After a short description of the political coordination procedures and their development I will thus turn to the agenda of the European Commission and analyse which ideas of welfare modernisation they send into the policy-making process. As already indicated above these ideas are expected to be formulated in the context of the attempt to improve the labour market integration, which has been the top priority of the Lisbon Strategy as initiated in the year 2000. However, the Commission's agenda will be looked at explicitly only for the areas of employment and social inclusion policies; other relevant policy fields in the context of welfare modernisation like health care and pensions will not be considered. In a further step the ideas identified at the European level will then be compared to national policy arrangements in the respective shapes of liberal, Nordic and continental employment regimes as identified by ESPING-ANDERSEN. The chapter ends with some concluding remarks about the 'ideational' impact of the European Commission's policy agenda on national policy making.

Chapter 4 presents the Swedish case study which seeks to analyse to what extent Sweden has tried to eliminate its 'weaknesses' in social protection policies which were identified during the European coordination processes and specified by the recommendations of the Council

Recommendations between 2000[3] and 2008. The chapter will be divided into two parts. The first one will focus on de facto policy reforms that have been conducted during the research period. At the very fore of the analysis will be any policy reforms concerning unemployment insurance, social assistance, the paid parental leave system and childcare subsidies. The second part of the chapter then focuses on the party's political discourses during the research period. It will be illustrated what kind of 'vision' the Social Democrats and the New Moderates pursued for the welfare state, what social security benefits should 'deliver' in their opinion and what role the party political discourses played in the context of Swedish election campaigns. The chapter ends with an analysis focusing on the questions whether Sweden could eliminate its weaknesses as identified by European recommendations, how compatible the European discourse and the national party-political discourses have been, how especially a 'constructivist model of changes in welfare policies' can help to explain the developments in Swedish welfare modernisation, and how significant European ideas have been for national policy reforms.

Chapter 5 presents the British case study and is designed in the same way as the Swedish case study. The major difference is that whereas Swedish policy reforms concentrated on introducing more 'work incentives' into their social protection systems, British policy reforms focused on the attempt to combine work first strategies with 'human capital development'. These differing priorities result from the different designs of the employment regimes of the two countries, and they are reflected as well by the differing recommendations that have been given to Sweden and Great Britain during the European coordination processes.

Chapter 6 consists of some concluding remarks on the question how similar Swedish and British welfare policies have become during the research period. Beyond that it discusses a quite general question which arised since the beginning of the financial crisis in 2007/08; namely if and how the approach of basing welfare policies on the idea of social investment, which was an essential component of the Lisbon Strategy and the European recommendations given to the EU member states during the research period, will continue to play a central role or not.

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[3] Since the year 2000 the Council is able to issue specific recommendations to Member States, which complement the Employment Guidelines (European Commission 2002c:6).

Chapter 7 finally scrutinizes the developments after the research period. What did the overall crisis situation in the EU since the year 2008 mean for the elimination of national 'weaknesses' in the context of social protection policies? Under which circumstances did national decision makers 'use' OMC and are some new or different conclusions to be drawn regarding the role and significance of European-level ideas for national decision-making? For Sweden it shall be depicted how policies developed during the years 2008-2010 and from 2010 to 2014, while for Great Britain it will be specifically illustrated how the situation changed since the new conservative government came to power in the year 2010. Of particular interest in this regard are the introduction of policy reforms in contexts which have already been scrutinized for the years 1998-2008 and the question if the Swedish and the British welfare model have further changed or if they still follow their path as identified during the research period.

2 Theoretical explanations of welfare state change

As already stated in the introduction, I intend to use a theoretical frame for my thesis which concentrates on the role of ideas[4]. At first sight this might be a rather surprising decision as an ideational approach does not seem to be a 'number one choice' in the context of welfare state modernisation. For example, a look into MANFRED G. SCHMIDTS textbook *Der Wohlfahrtsstaat – Eine Einführung in den historischen und internationalen Vergleich (2007)* reveals that among the six theories mentioned as most relevant as regards comparative public policies, there is no explicit ideational approach. From my point of view, however, this is exactly a reason to choose an ideational approach as a promising option. With the help of an analysis from this perspective I expect to gather insights of developments of contemporary welfare states which diverge from standard explanations. Nevertheless, it is of course important to give an overview of the most established theories in the context of comparative public policies which do not focus on the power of ideas in the first place. Only in this way does it become clear what the different approaches are aiming for and what an ideational approach is able to explain specifically. Likewise, the shortcomings of ideational approaches become more 'visible' if they are compared to other important theoretic approaches. It is against this background that I will now shortly illustrate the 'Power Resource Approaches', the 'Parties-Matter Theory', the 'Socio-Economic Theory', the 'International Hypothesis' – which includes in a way also the 'Globalisation-Thesis', the 'Europeanisation Hypothesis' and the 'New Social Risks-Hypothesis' – and the new institutionalist approaches like 'Rational Choice Institutionalism', 'Historical Institutionalism and 'Sociological Institutionalism' as well. A rather recent 'new institutionalist' variant which is called 'Discursive Institutionalism' concludes this section and leads on to explanations of welfare state development which have an explicit focus on the power of ideas such as the 'Référentiel Approach', 'Advocacy Coalitions', the 'Paradigm Approach' and the 'Constructivist Model of Changes in Welfare Policies'.

[4] "Although precise definitions of the word are not often offered, ideas in general refer to either goals or motivations other than self-interested pursuits" (Kingdon 1993:74).

2.1 'Power resource' explanations

Analyses which focus on a power resource approach are based on the assumption that policies can be influenced by the economical and political power-distribution between different societal groups or, alternatively, classes with conflicting interests (Schmidt et al. 2007:40). In the context of economic growth and national finances MANCUR OLSON claims for example that interest groups, or 'distributional coalitions' as he calls them, aim at redistributions for their own advantage and do not seek to raise wealth in society as a whole (Ibid, p. 41). He therefore assumes that with the growing age of a democracy even the number of ‚distributional coalitions' increases, which on the one hand implicates decreasing economic growth and brings about more regulation and increasing public expenditure on the other hand (Ibid). Another variant of the power resource approach is represented by KORPI and ESPING-ANDERSEN, who explain the differences in public policies primarily with the aid of diverging power resources of for example the labour movement, Catholicism or Liberalism (Schmidt et al. 2007:22). Especially KORPI argues that depending on how the power resources are allocated some actors can use their options more comprehensively than others to "raise claims and to defend their interests" (Korpi 2006:6). A well known conclusion deriving from this observation is the idea that if more power resources fall to the employees the lower will be social inequalities (M.G. Schmidt et al., 2007, p. 22).

ESPING-ANDERSEN bases his argumentation first and foremost on the claim that an analysis of political class *coalitions* is more helpful than the analysis of the power resources of a single class or a single party (Esping-Andersen, 1990), and this argumentation has become especially relevant in the face of welfare retrenchment which became characteristic during the 1980s and 1990s. Until then, interest explanations had been the first choice in order to explain why welfare states did expand (Goul Andersen 2000a:2) and the following statement of KORPI was the most typical assessment in this regard: "[w]ell-developed welfare states and coordinated market economies have emerged in countries with strong left parties in long-term cabinet participation or in countries with state corporatist institutional traditions and confessional parties in intensive competition with left parties" (Korpi 2006:2). However, understanding the process of welfare retrenchment with such 'power-resources' explanations was rather difficult. ROBERT COX for example illustrates that even though the power resources argument would have predicted welfare retrenchment in Germany during the 1990s, welfare reforms rather stagnated due to the conservative government of Helmut Kohl (Cox 2001:467). In contrast, significant welfare cutbacks have been implemented in Denmark and the

Netherlands during the 1990s, where Social Democrats formed the governments, and the power resources argument would have predicted just the opposite development (Ibid: 468). So, especially during a period of retrenchment, a differentiation between the left and the right wing does not appear to be any reliable explanatory approach (Cox 2001:467). Coalition analysts, on the contrary, accept one of the most central arguments of the power-resources approach, namely that "identifying those who hold political power is the best way to explain policy reform" (Cox 2001:468). Instead of primarily distinguishing between left and right they rather "treat the middle class as a distinct type of political force and treat unions and business leaders as independent actors able to lend their support to a number of political parties" (Ibid). Based on this assumption COX argues that, with its decision to support or oppose certain welfare reforms, especially the middle class can determine how and if a government will be successful. In periods of retrenchment it happened for example, as he mentions, that especially left-wing governments, which needed the middle class to ensure their political power, found themselves pursuing significant welfare reforms since the middle class demanded fiscal restraints and the cutback of generous welfare programs (Cox 2001:468). Altogether, a coalition analysis thus seems to be a reasonable extension of the power-resource approach. Yet, its focus lies on the question of "how a coalition is able to reach its goals" and not so much on "how these goals are defined and articulated" (Ibid, p. 469). In this regard an ideational approach which concentrates on the 'process of meaning' (see chapter 2.4) thus seems to be better suited for answering my research question, namely why or why not national decision-makers formulated their policy goals according to European recommendations.

2.2 The 'parties matter theory'

Another theory which accentuates the role of diverging interests and power distributions is the so called 'parties matter theory'. The focus of this theory is clearly on the partisan composition of the government and the opposition respectively (Schmidt et al. 2007:22) and there are several and differing variants. DOUGLAS HIBBS for example argues that left-wing parties usually focus on the fight against unemployment while right-wing parties consider price-stability to be the most important goal (Schmidt et al. 2007:52p, citing Hibbs 1977:1468,1471). Accordingly, he claims that countries with a social democratic government have lower unemployment figures and a higher rate of inflation than countries which are led

by a conservative government (Ibid, p. 53). Similarly, EDWARD TUFTE bases his argumentation on the importance of differing party-political agendas; but he assumes that only if no outstanding economic challenge can be identified a party will "seek to improve the pre-election economy in the direction of party platform priorities" (Tufte 1978:102). This means for example that only

> "if both inflation and unemployment are under reasonable control, a governing party of the Left will seek to improve its electoral chances with pre-election reductions in unemployment at the risk of higher inflation; a government party of the Right, in contrast, will seek pre-election improvements by attacking inflation" (Tufte 1978:102).

A third variant of the 'parties matter theory' is delivered by HICKS and SWANK whose attention lies on so called 'contagion effects'. Based on the assumption that left-wing parties usually undertake more efforts of providing comprehensive welfare policies than right-wing parties HICKS and SWANK assume the following: "The growth of electorally consequential left parties […] has sometimes led conservative governments to welfare-expanding reforms […]. Similarly, welfare policies of Left-led governments may be moderated by strong centre and right oppositions" (Hicks and Swank 1992:659).

The major criticism of the power resources approach and the 'parties matter theory' relates to their implicit assumption that governments have enough room of manoeuvre to implement their party's political programme and to let it pass into governmental policies without any significant problems (Schmidt et al. 2007:57). Critics therefore say that important institutional variables like a federalist system, veto-points etc. are neglected (Ibid, p. 58). Accordingly, institutional theories, which will be described later in this chapter, constitute a further explanatory parameter which is important and should be taken into consideration when being engaged in explaining public policies.

2.3 The 'socio-economic theory'

The socio-economic theory explains government activities primarily as a reaction to societal and economical developments (Schmidt et al. 2007:29). One of the major theses is that while societal and political modernisation proceeds and the economic wealth increases, traditional institutions like the system of local poor relief or the safety net that for example a family is able to provide are more and more challenged (Ibid, p. 30). The result is an increasing need to solve problems rather nationwide and outside the family than on a local and 'family-intern'

level (Ibid). Classical representatives of this socio-economic approach are KARL MARX with his theory of the Marxist Political Economy as well as HAROLD WILENSKY who focused on the developments in industrialised societies and the development of public spending in this context. For more and detailed information regarding the work of these authors see M.G. Schmidt et al., 2007, p. 30pp with the corresponding bibliography.

2.4 The 'International Hypothesis'

Another theory that seeks to explain welfare state change is the so called 'International Hypothesis'. Representatives of this hypothesis argue that during the last decades the national capacity to act has changed significantly due to the international conditions that are characterised by 'more interdependency', an 'increasing integration into the world market', 'liberalisation of trade and capital markets', and the 'European integration process' (Schmidt et al. 2007:75). Scholars do not agree, however, about which international factors actually have the most influence and how these factors exactly influence national policy making (Ibid). Especially rather recent works emphasize that globalization processes and the European Common Market have significantly restricted the national capacity to act in the context of social policies (Ibid). The 'globalisation-thesis' highlights for example that "contemporary processes of market liberalisation, 'transnationalisation', and cross-border economic activity have diminished the powers of nation-states" (Surender 2004:8). In this context, FRITZ SCHARPF has pointed out that national 'social protection policies', 'wage policies', 'tax policies' or the systems of 'industrial relations' have "become vulnerable to the extent that they reduce the attractiveness of the national economy to mobile capital and the attractiveness of nationally produced goods and services in international product markets" (Scharpf and Schmidt 2000:8). Another typical characteristic of the 'International Hypothesis' is the 'European motive', which has been taken up by STEPHAN LEIBFRIED and PAUL PIERSON. With their 'Europeanisation Hypothesis' they claim that the EU affects the social policy design in its member states in three different ways: (1) Through negative integration, which relates to the reduction of constraints that hinder the free movement of goods, services, capital and work; (2) through positive integration, which means that measures as well as norms on the European level restrict national policy designs; (3) through indirect effects, like for example a national sociopolitical reluctance brought about by the Maastricht criteria of the EU which formulate upper limits for a state's deficit financing and new indebtedness

(Schmidt et al. 2007:79p). It is against this background that LEIBFRIED speaks of a 'diminished control' of national policy makers "over many of the policies that have traditionally supported national welfare states – the currency, macroeconomic policies, public finance, tax policies, and also industrial-relations systems" (Leibfried 2005:272).

Finally, I also want to refer to the approach of PETER TAYLOR-GOOBY, who argues that in the scope of the transition to 'a post-industrial society' people face certain 'New Social Risks'. These arise, according to him, against the background of four major processes (Taylor-Gooby, Peter 2004:2p). The first one relates to the significantly growing employment rates among women and their increasing demand "for greater equality in access to education and to independent employment" (Ibid, p. 3p). The second process concerns the increasingly ageing society which causes higher costs for pensions and care services. The third process according to TAYLOR-GOOBY is the ever closer link between employment and education which "in turn affects the risk of social exclusion among those with poor education" (Ibid, p. 4). Last but not least he mentions the significantly higher numbers of private services which result "primarily from attempts to constrain state spending to meet the pressures on the old risk welfare state" (Ibid).

Altogether, the main reason why 'economic' and 'international' explanations of public policy usually meet with criticism is that the national and therewith internal determining factors of policy making are not sufficiently considered (Schmidt et al. 2007:82). In this regard it is argued that national institutions can act as 'filters of globalisation', which might handle a common economic impulse quite differently and therefore the resulting outcomes may vary (Ibid). Beyond that, critics of such an approach claim that it is certainly important to broach the issue of interdependencies between welfare policies and economic developments, but they argue as well that "it may sometimes involve taking […] uncertain economic diagnoses too much for granted, such as the consequences of ageing and of globalisation" (Goul Andersen 2000a:5). In this context GOUL ANDERSEN mentions a Danish example that refers to the challenge of an ageing population. He points out that "the number of old-age pensions increased by 33 per cent from 1972 to 2000, but the proportion of GDP spent for old-age pensions (adjusted for tax reform in 1993/94) declined from 5.1 per cent to 4.6 per cent" (Ibid, p. 8). His conclusion is that sometimes there is only little interrelation between the needs that are suggested by an economic challenge and the real public expenditures concerning this matter (Ibid, citing Kristensen, 1987; Lolle, 1999). Instead of only emphasising economic necessities as such and considering corresponding policy changes as inevitable he claims that

the ‘dissemination of ideas’ and the ‘social construction of challenges’ need to be taken into consideration far more thoroughly (Ibid, p. 21).

2.5 The four ‘New Institutionalisms’: Rational Choice, Historical, Sociological and Discursive Institutionalism

While power resource approaches and the ‚parties matter theory’ explain public policies with differing interests of governments, other approaches emphasise that public policies are rather determined by political institutions (Schmidt et al. 2007:63). These institutionalist approaches gained significance especially since the beginning of the 1980s and most prominent became the movement of ‘New Institutionalism’. It used to comprise three different analytical approaches, basically labelled as (1) Rational Choice Institutionalism, (2) Historical Institutionalism and (3) Sociological Institutionalism. Quite recently, however, a fourth ‘New Institutionalism’ was added by VIVIEN SCHMIDT, which will be described after the three ‘traditional’ approaches. All of the four ‘new institutionalist’ approaches seek to illustrate the role that institutions play in the determination of public policies, but they use different starting points based on the question of how institutions actually matter and how nation-states preferences are formed. *Rational Choice Institutionalism* (RCI) for example assumes that the relevant actors have a “fixed set of preferences” (Hall and Taylor 1996:944) and in order to attain them the individual actors “behave entirely instrumentally so as to maximize the attainment of these preferences, and do so in a highly strategic manner that presumes extensive calculation” (Hall and Taylor 1996:945). The calculation itself is significantly affected – according to HALL and TAYLOR – by expectations about the behaviour of other actors that are involved in the decision-making process and by expectations about the possible effects of corresponding institutions (Ibid). In this sense, RCI regards preference formation as *exogenous* to the institutional context while “the institutions define (or at least constrain) the strategies that political actors adopt in the pursuit of their interests” (Thelen and Steinmo 1992:7). Arguing within this theoretical framework is for example AREND LIJPHART, who assumes that the constitutional design is such an institution that constrains the strategies of political actors. According to him it matters if a democracy can be characterised as a majoritarian model of democracy, which typically comprises a “concentration of executive power in one-party cabinets” and “cabinet dominance”, or a consensus model of democracy, which is rather characterised by an “executive power-sharing in broad coalition cabinets” and

an "executive-legislative balance of power" (Lijphart 1999). HUBER, RAGIN and STEPHENS are also protagonists of the Rational Choice Institutionalism and claim that the institutions of a governmental regime might facilitate or complicate welfare reforms (Schmidt et al. 2007:65). Their thesis is "that aspects of constitutional structure that disperse political power and offer multiple points of influence on the making and implementation of policy are inimical to welfare state expansion […]" (Huber, Ragin, and Stephens 1993:722). And according to a further assessment of the three authors, such aspects comprise for example "federalism, presidential government, strong bicameralism, single-member-district electoral systems, and provisions for referenda" (Ibid).

Even GEORGE TSEBELIS focuses on the importance of veto-points and argues that policy change can be assumed to decrease "with the number of veto-players, the lack of congruence (dissimilarity of policy positions among veto players) and the cohesion (similarity of policy positions among the constituent units of each veto player) of these players" (Tsebelis 1995:289). In this spirit TSEBELIS claims further that the more veto-players there are the lower will be the socio-political engagement of a state; at least during a phase of welfare state extension (Schmidt et al. 2007:66).

In contrast to the typical assumption of RCI, namely that the preferences of rational actors are formed exogenously and cannot be influenced by institutions, *Historical Institutionalism (HI)* argues that institutions can actually play a much more decisive role in this regard. They are assumed to be "relatively persistent features of the historical landscape and one of the central factors pushing historical development along a set of 'paths'" (Hall and Taylor 1996:941). Consequently, HI is interested in explaining how institutions shape these paths and "how they structure a nation's response to new challenges" (Ibid). ELLEN IMMERGUT, one of the proponents of this approach, assumes that

> "institutions – be they the formal rules of political arenas, channels of communication, language codes, or the logics of strategic situations – act as filters that selectively favour particular interpretations either of the goals toward which political actors strive or of the best means to achieve these ends" (Immergut 1998:20).

To put it in other words "institutions structure political situations and leave their own imprint on political outcomes" (Thelen and Steinmo, 1992, p. 9). Attributed to Historical Institutionalism can be the approaches of 'political legacies' (Rose and Davies, 1994) and 'path dependency' as well (Pierson 2000). These approaches understand differences in public

policies primarily as a result of intended or unintended consequences of previous political decisions (M.G. Schmidt et al., 2007, p. 85). With the approach of 'political legacies' ROSE and DAVIES explain for example why even in countries that possess only a very small number of veto-players and are therefore expected to have enough room of manoeuvre for significant policy changes, a new government does not necessarily implement such an expectable change of course. As they argue, it always needs a political coalition that is strong enough to end a policy programme or to change a policy design against the will of all those who benefit from the traditional rules and routines (Rose and Davies 1994:38). In the case of Great Britain under CLEMENT ATTLEE's Labour government between 1945 and 1951 the two authors found out for example that "[w]hen Labour left office in 1951, 81 percent of the programs in the legacy it left behind had been inherited from Churchill, Chamberlain, Baldwin Lloyed George, and even nineteenth century administrations" (Rose and Davies 1994:90). Accordingly, ROSE and DAVIES place the importance of "inheritance before choice because the persistence of a legacy provides a better explanation of public policy than do theories of choice" (Ibid, p. 51).

PIERSON specifies with his concept of 'path dependence' the rather broad assumption that 'past choices affect future processes' (Mahoney 2000) and focuses on so called 'lock-in situations' which can emerge as a result of 'increasing returns processes':

> "[i]n an increasing returns process, the probability of further steps along the same path increases with each move down that path. This is because the relative benefits of the current activity compared with other possible options increase over time. To put it a different way, the costs of exit – of switching to some previously plausible alternative – rise" (Pierson 2000:252).

However, as already stated in the introduction, during the last years the rather narrow understanding of path dependency, which considers societal development as being based almost exclusively on 'historical paths', has been given up in favour of a more wider conceptualisation (Goul Andersen 2007:4). Especially BIRGIT PFAU-EFFINGER suggests "to use a broader concept of path dependency and to interpretate the restructuring as a process in which the development of ideas, interests and institutions interacts in complex and often contradictory ways" (Pfau-Effinger 2004:2). Yet, it should not be forgotten that already the founding fathers of the New Institutionalism, JAMES MARCH and JOHAN OLSON, introduced a concept which they called 'policy martingales' and which actually makes clear that path dependency does not necessarily has to be a static concept. The two authors assume that "[i]n a martingale process all events are forks; the policy paths of two political systems with

identical underlying political conditions will be radically different simply because of the way in which (possibly small) perturbations shift the focus of political pressure" (March and Olsen 1984:745).

Two other authors who also try to make clear that institutionalism not necessarily has to be focused on resilience and political inertia are ANTON HEMERIJCK and KEES VAN KERSBERGEN. They suggest that 'policy learning' is a theoretical approach which is able to contribute to a more subtle understanding of institutional change (Hemerijck and van Kersbergen 1999). In this context they refer to the learning approach of PETER HALL who defines learning as: "a deliberate attempt to adjust the goals or techniques of policy in response to past experiences and new information" (Hall 1993:278). Policy learning is thus informed particularly by policy failures and the extent to which "new information and insights into the relationship of cause and effect in various policy domains and their interaction generate windows of opportunity for reform" (Hemerijck and van Kersbergen 1999:183).

In contrast to the first two 'New Institutionalisms' the third category, namely *Sociological Institutionalism (SCI)* emphasises the way in which institutions influence behaviour by providing "formal and informal rules, norms, etc., but also [of] beliefs, codes, symbols, paradigms, and different forms of knowledge" (Torfing 2001:283). As HALL and TAYLOR explain, the SCI emphasises that institutions do not merely influence the strategic thinking of political actors but have the ability to even affect their 'basic preferences' (Hall and Taylor 1996:948). The two authors note, however, that this doesn't prevent individuals from acting 'purposive' or 'goal-oriented' (Ibid, p. 949). Rather, as they argue, "sociological institutionalists emphasize that what an individual will see as 'rational action' is itself socially constituted, and they conceptualize the goals toward which an actor is striving in much broader terms than others do" (Hall and Taylor 1996:948).

Quite close to the Sociological Institutionalism is the approach VIVIEN SCHMIDT has discussed and written about in recent years, namely a fourth New Institutionalism which she calls *Discursive Institutionalism* (DI). In her view, the 'traditional' New Institutionalisms have certain difficulties in explaining change due to their common assumption that change is the result of an exogenous incident or impetus. Therefore, as she claims, ideas and discourse have already been considered more and more extensively by these approaches (Schmidt 2010:2), but only the SCI approach put its dominant focus on ideas "with regard to questions of norms, cognitive frames, and meaning systems, and the ways in which they are created and changed"

(Schmidt 2008:320). Overall, as SCHMIDT admits, the difference between Sociological Institutionalism and what she calls Discursive Institutionalism is thus more "a difference of degree than kind" (Schmidt 2008:320). More precisely, she claims that "[t]he difference is the extent to which ideas are treated as dynamic constructs (DI) or as static structures (SI)" (Ibid). It is against this background that VIVIEN SCHMIDT decided to label the work of all those authors who seriously consider ideas and discourse to be an explanatory factor of policy change as 'discursive institutionalists', even if these authors themselves would not choose to be subsumed under this category (Schmidt 2010:2). In her words: "[d]iscourse institutionalism is an umbrella concept for the vast range of works in political science that take account of the substantive content of ideas and the interactive processes by which ideas are conveyed and exchanged through discourse" (Schmidt 2010:3). For a better understanding of the difference between approaches that primarily focus on the discourse and those ones that emphasise ideas, I think her following assessment is very helpful:

> "The difference between scholars who use the term discourse and those who limit themselves to ideas is primarily one of emphasis. Those scholars who focus exclusively on ideas tend to leave the interactive processes of discourse implicit as they discuss the ideas generated, deliberated and legitimated by public actors, the carriers of ideas. Those scholars who speak of discourse address explicitly the representation of ideas (how agents say what they are thinking of doing) and the discursive interactions through which actors generate and communicate ideas (to whom they say it) within given institutional contexts (where and when they say it)" (Schmidt 2008:306).

Now, before illustrating those theoretic approaches that accentuate the 'power of ideas' and the importance of so called 'shared belief systems' in a separate chapter, I will try to formulate some concluding remarks as regards the significance of the theoretic approaches hitherto described. In his textbook MANFRED SCHMIDT, whose presentation of the most important theories as regards comparative public policies has clearly left its mark on this chapter, comes to the unsurprising conclusion that for an explanation of the answer why welfare states follow certain paths and why they choose certain reform options while dismissing others, several approaches need to be combined for a comprehensive analysis. He mentions explicitly the 'International Hypothesis' and socioeconomic explanations, power resource approaches, the 'parties matter theory' and institutional approaches as well as the theory of 'political legacies' and 'path dependency' (Schmidt et al. 2007:82). Quite obviously, approaches which focus on an ideational explanation of welfare state change are missing in this enumeration. My decision to choose an ideational approach for analysing contemporary

welfare policies should thus be understood as a contribution to bridge this gap; of course without the intention to reduce or negate the significance of the theoretical approaches that hitherto have been illustrated. In fact, there are several approaches to which my own research refers implicitly. One example is the 'New Social Risks – Hypothesis' by TAYLOR-GOOBY which is crucial for getting an idea about why the European recommendations formulate certain requirements in the context of welfare modernisation. Of course there are some new risks which the EU has identified and to which a common response has to be formulated on which a common response shall be formulated; this shall not be denied. What I am interested in, however, is the question if and how ideas or policy paradigms that have been identified by for example the 'New Social Risk – Hypothesis' are actually legitimated and implemented by national decision-makers. The 'parties matter theory' is an approach on which I implicitly rely; after all, I do analyse the discourse of the governing party and the strongest oppositional party, because I assume that a governmental party has a certain 'room of manoeuvre' to implement its party political programme with all its underlying ideas. Nevertheless, I do not try to measure the success of parties and their political programme with the help of a 'right or left – spectrum', at least it is not my declared aim to find out if the Social Democrats or the Conservatives have introduced or supported policies that are in line with such a differentiation. The institutional explanations are another example I am indebted to. I do not deny for example that Sweden and Great Britain have very differing veto-points or institutional variables and therewith differing positions on LIJPHARDTS'S cluster that relates to models of democracy (Lijphart 1999). Such differing institutional designs might indeed be helpful for explaining certain divergences in welfare state modernisation that exist for sure between these two countries. Yet, what prevents me from focussing on any such institutional approach is the fact that they are to be criticised for conceptualising change first and foremost as a result of 'exogenous shocks' (V.A. Schmidt, 2010, p. 2). As my thesis has a research design which is based on the attempt to grasp the significance of European recommendations on national policy making there is no 'exogenous shock' that needs to be analysed, but a rather medium-term development which is volitional and intended. At the Lisbon Summit the EU member states all agreed on the goal of higher employment rates for example and therewith accepted the impact that such a goal could have on the design of their social protection systems. The most interesting question for me is therefore how and if national decision-makers took up the EU-level ideas and incorporated them into their party-political discourses. The fact that a party-political discourse in Great Britain, which has to be

considered as the majoritarian model par excellence, might inform legislative projects faster and more easily than a party-political discourse in Sweden, will not be forgotten. Differing institutional contexts are thus considered to be existing but will not be placed at centre stage because of a more explicit focus on the content and quality of political ideas.

To sum up: European recommendations do not by force and not necessarily lead to national reforms. There is apparently enough room for arguing about the reason for contemporary welfare state modernisation. As VIVIEN SCHMIDT observes: "Political reality is vast and complicated. No one methodological approach is able to explain it sufficiently. Each gets at a different piece of reality, at different levels of abstraction, with different levels of generalizations, and different objects and logics of explanation" (Schmidt 2008:322). In this sense the outcome of a welfare modernisation process might for example be considered a question of power resources; the reader of this thesis has to be aware that in the light of my research interest I consider it much more promising to conceptualise the process as a question of powerful ideas.

2.6 'Shared Belief Systems': Advocacy Coalitions, Référentiel Approach and Policy Paradigms

According to BRAUN "[i]deational approaches do not in the first instance focus on choices but on processes of meaning which may subsequently engender choices" (Braun 1999:12). In this context it is assumed that actors hold certain beliefs which can broadly be differentiated into world views, principled beliefs and causal beliefs (Ibid).

(a) World Views

According to GOLDSTEIN and KEOHANE ideas most significantly influence decision-making when they can be characterised as so called 'world views', which are assumed to be quite broad and basic assumptions that are deducted from religious or scientific thinking (Goldstein and Keohane 1993). Taken for granted in their book is for example a world view according to which human beings actively construct their own destinies (Ibid, p. 9). Furthermore, world views are assumed to be founded on some general principles or ideas, like the idea of state sovereignty (Ibid, p. 8). In this context one can as well refer to an example given by ESPING-ANDERSEN, who argues that the design of European welfare state programs has been

influenced by different views as regards the responsibilities that a 'family' can be expected to take on (Campbell 2002a:22, referring to Gøsta Esping-Andersen 1999b). Southern Europe for example did not create any far-reaching and extensive maternity leave or day-care programmes, because families are assumed to be "the relevant locus of social aid; and it is assumed that families normally do not 'fail'" (Esping-Andersen 1999:90). On the contrary, the Scandinavian countries acted on the basis of a completely different assumption and introduced their quite elaborate childcare programmes. Overall, the important point is that world-views are able to offer what BRAUN calls a "collectively shared interpretation of the world" (Braun 1999:15).

(b) Principled beliefs

Principled beliefs, or normative frameworks, as they are called by other authors, lie in the background of policy debates, "but constrain action by limiting the range of alternatives that elites are likely to perceive as acceptable and legitimate" (Campbell 2002a:23). They consist of normative ideas that make it easier for policy makers to decide if they don't know which available policy option is the best one to choose (Ibid, p. 24). According to GOLDSTEIN and KEOHANE a principled belief is for example the assumption that everybody should have the 'right of free speech' or the opinion that 'slavery is wrong' (Goldstein and Keohane 1993:9). Analytically seen, the major problem when referring to principled beliefs, and this holds as well for world-views or paradigms, is, however, that the "causal mechanisms whereby normative frameworks affect policy making" are not clear and that the 'sources of normative change' are not easily identified (Campbell 2002a:25).

(c) Causal beliefs

According to GOLDSTEIN and KEOHANE "causal beliefs are beliefs about cause-effect relationships" and they are assumed to "provide guides for individuals on how to achieve their objectives" (Goldstein and Keohane 1993:10). One example that is given by the two authors is the Hungarian revolution, which was a clear sign in the late 1980s for East Germans that unarmed mass protests actually can have the power to bring down repressive rulers (Ibid). They mention as well that typically cause-effect relationships are more often reassessed and changed than world views or principled beliefs (Ibid). One of the most prominent examples in this regard is certainly the ever changing cause-effect relationship as regards the functioning of the economy. Diverse policy shifts have already taken place in the past, depending on

governments which either considered supply-side policies or policies affecting the demand as more promising in order to reach the policy outcomes they were aiming for. Overall, GOLDSTEIN and KEOHANE come to the conclusion that

> "world views and principled beliefs structure peoples' views about the fundamental nature of human life and the morality of practices and choices […]. Causal beliefs help determine which of many means will be used to reach desired goals and therefore help to provide actors with strategies with which to further their objectives" (Goldstein and Keohane 1993:13).

The previous remarks have been given in order to make clear that all ideational approaches assume that there exist certain frameworks in the form of world-views or other belief systems which unify human beings and make them members of some kind of community (Braun 1999:14). Nevertheless there exist significant differences between the various ideational approaches as well. There are for example those ones who stress that ideas can have a quite 'cohesive character' (Braun, 1999, p. 16) and conclude that political actors can diminish their various differences of opinion by "commonly shared world-views" (Ibid). Among them is the rational choice tradition represented by GARRETT and WEINGAST who consider that political decision-makers can find a way to co-operate by finding a "common ideational denominator" which functions as a so called focal point (Braun 1999:16). The two authors are aware, however, that a "unique focal point" is very hard to find and needs rather to be considered as an exception that proves the rule (Garrett and Weingast 1993:183). Therefore they suggest that an institution can *construct* a focal point by creating "a shared belief system about cooperation and defection in the context of differential and conflicting sets of individual beliefs […]" (Ibid, p. 184). Yet, GARRETT and WEINGAST make clear that institutions should not be seen as replacing the attempt of "decentralized cooperation"; but they assume that an institution which offers a focal point can help to overcome the difficulties in cases where such a cooperation alone would fail (Ibid). Other approaches that are based on the assumption that ideas may be used by actors for the development of cooperative relationships are the so called *référentiel* approach of JOBERT and MULLER, the approach of *advocacy coalitions* by SABATIER as well as PETER HALLs *paradigm approach*[5]. The first one differentiates the political system into policy fields or sectors, with each sector being coordinated by a so called 'référentiel sectoriel', which can as well be described as a 'sectoral world-view' or 'paradigm' (Braun, 1999, p. 17). According to BRAUN "[t]his paradigm defines the place of the sector

[5] For a more detailed summary of these approaches see Braun, 1999, p. 16 pp.

within the overall structure of the state by offering last principles, basic values and causal assumptions leading to feasible techniques and practical action" (Braun 1999:17). The second approach, offered by PAUL SABATIER, considers that policy networks of actors, so called advocacy coalitions, pursue policy projects due to their common value-orientations (Ibid). In this context SABATIER assumes that the belief systems of advocacy coalitions are organized into a "hierarchical, tripartite structure":

> "At the highest/broadest level, the deep core of the shared belief system includes basic ontological and normative beliefs, such as the relative valuation of individual freedom versus social equality […]. At the next level are policy core beliefs which represent a coalition's basic normative commitments and causal perceptions across an entire policy domain or subsystem. They include fundamental value priorities, such as the relative importance of economic development versus environmental protection; […] and strategies for realizing core values within the subsystem, such as the appropriate division of authority between governments and markets, the level of government best suited to deal with the problem, and the basic policy instruments to be used. […] Secondary aspects of a coalition's belief system comprise a large set of narrower […] beliefs concerning the seriousness of the problem or the relative importance of various causal factors in specific locales, policy preferences regarding desirable regulations or budgetary allocations, the design of specific institutions, and the evaluations of various actor's performance" (Sabatier 1998:103pp).

As regards the process of policy change SABATIER's advocacy coalitions approach claims that deep core beliefs are quite resistant to change, while policy core beliefs are "less rigidly" held (Sabatier 1998:104). Only the secondary aspects of a coalition's belief system can quite easily be changed by "policy-oriented learning" that results "from experience and/ or new information" (Ibid). The third approach, offered by PETER HALL, assumes that ideas taking the form of so called "policy paradigms" are able to directly influence political actors. He argues that "policymakers customarily work within a framework of ideas and standards that specifies not only the goals of policy and the kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing" (Hall 1993:279). The "framework of ideas" mentioned has then to be understood as the policy paradigm that HALL is talking about. Another major assumption of HALL to explain how ideas can actually influence policy-making is that there exist so called first and second order changes. These are considered to be processes that adjust policy "without challenging the overall terms of a given policy paradigm" (Ibid, p. 279). Third order change, on the other hand, is assumed to be "marked by the radical changes in the overarching terms of policy discourse associated with a 'paradigm shift'" (Ibid). According to HALL an existing policy paradigm can be put into question by for example "anomalies" or "policy failure" (Ibid, p. 280), and as soon as a

certain policy paradigm is "disintegrating" policy-makers have to face increasing pressures which can derive from the diverging interests inherent in a society which recognises that a hitherto valid policy paradigm might need to be reassessed (Ibid, p. 290pp).

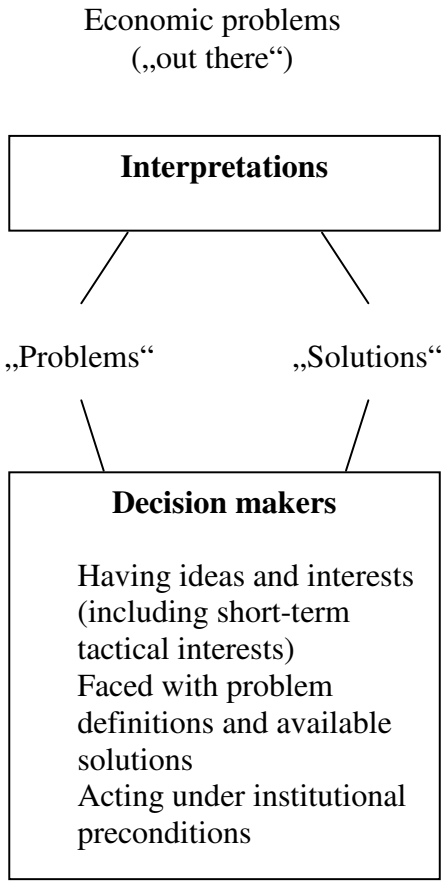
The approaches mentioned above are differing in their assessment as regards the 'power of ideas'. STÉPHANE NAHRATH for example arrives at the conclusion that in the case of the référentiel approach "ideas have a power because they are embodied in actors defining their identity and interests and orienting their actions" (Nahrath 1999:49). In PETER HALL's approach, on the contrary, "ideas are to a certain extent independent and autonomous" and "[t]he specific ideational power of ideas is to be found in their capacity to persuade" (Ibid). But all of these approaches have in common that they see politics as a so called 'power-seeking' process and focus on the 'ideological hegemony' in a political decision-making process (Braun 1999:20). In other words, political power is derived in a process that resembles a fight for the 'right' idea. Yet, as BRAUN has noted, not only the negotiations between decision-makers or interest groups are of importance for understanding a political process. (Braun 1999:25) Also the overall political questions that are dealt with in "legislative arenas, the courts, public commissions, the councils of government and political parties, the editorial pages of magazines and newspapers, radio and television programmes, and the seminar rooms and lecture halls of academia" (Rein and Schön 1993:157) are an important dimension of policy making. The ideational literature on 'power-seeking' is thus only one side of the story while ideational approaches that emphasise 'politics as argumentation' represent the other one.

2.7 Social constructivism and the 'constructivist model of changes in welfare policies'

The most important and best-known approach emphasising politics as argumentation is the social constructivist one. Its advocates argue that the beliefs and preferences of individuals are formed through the interaction with other community members (Cox 2001:473). The most essential sentence as regards the foundation of constructivism was probably formulated by HUMBERTO MATURANA, namely: "Everything said is said by an observer to another observer […]" (Maturana 1978:31). Other authors like HEINZ VON FÖRSTER have emphasised as well the importance of this basic assumption, namely that two observers, by using the language for their 'descriptions', build the very core of what finally becomes societal interaction (von

Förster 1979:1). Even more contemporary scholars argue in this spirit, like ROBERT ROCCO COTTONE, who comes to the conclusion that the concept of 'truth' is a socially constructed one; that people through their interaction with other people construct certain understandings and sometimes very different understandings of what they experience in their daily life (Cottone 2012). Altogether this means that for social constructivists there exist neither stable material interests nor values since they are defined by the process of negotiation and depend on the "discursive practices" in this context (Braun 1999:22). From a social-constructivist perspective it is therefore treated as an open question whether a society really needs to reform its welfare state (Cox 2001:475). The social-constructivists rather assume that people "must want them to reform" and that those who are in favour of a change need to persuade the doubters of the importance of a reform (Ibid). To put it differently, "they must create a discourse that changes the collective understanding of the welfare state, because doing so 'shapes the path' necessary to enact reform" (Cox 2001:475).

Against that background JØRGEN GOUL ANDERSEN points out that current research over-emphasizes economic challenges and under-emphasizes the importance of agency, which according to him is particularly "the *formation* of ideas, perceptions, and preferences among decision-makers" (Goul Andersen 2000a:3). He thus argues for a more constructivist approach to the 'challenges' which contemporary welfare states face and stresses the importance of problem definitions in this regard. His major argument is that problems are certainly not 'invented' out of the blue and that there is always a 'real' background for formulating these problems (Ibid, p. 7). But he assumes that a much more careful assessment of identified challenges is necessary as particularly the 'relative emphasis' on them has not necessarily to be comprehensible (Goul Andersen 2000a:7). Bearing these assumptions in mind, GOUL ANDERSEN developed a 'constructivist model of changes in welfare policies' which can be charted as follows (Goul Andersen 2000a:6):



Graphic 2: A ‘constructivist model of changes in welfare policies’ (Goul Andersen 2000a:6)

According to this model there are basically three processes which need to be considered. The first one (a) is the process of interpretations and problem definition and in this regard GOUL ANDERSEN points out that “problems do not really become problems before somebody defines them as problems” (Goul Andersen 2000a:7). He therefore urges to scrutinize what role is played in this context by government bureaucracies, experts, ‘think tanks’, interest groups etc. (Ibid). The second process (b) is the selection and dissemination of ideas and here GOUL ANDERSEN argues that the most important question to answer is how ideas circulate within governments or how ideas, which originally stem for example from experts or international think tanks are taken up by national decision-makers (Ibid). Last but not least the constructivist model of changes in welfare policies determines a third process, namely (c) the reception of ideas among political decision-makers, who already have interests and ideas of their own (Ibid). In this context GOUL ANDERSEN expects that in order to justify their policy designs national-decision makers will normally choose those ‘problem definitions’ and

'solutions' that best serve their political interests (Goul Andersen 2000a:7). So in sum, the constructivist model of changes in welfare policies proposes that 'challenges' of the welfare state are not always that obvious and should not be considered as being 'given' beyond recall (Ibid, p. 10). This is not to say, however, that GOUL ANDERSEN tries to prove that certain economic ideas are wrong or do not have a right to exist in the context of welfare state modernisation. He rather shows that the focus has to be put on the question why "one particular set of interpretations" could reach a "dominant" or in some cases even a more or less "hegemonic position" (Ibid).

However, the conceptualisation of GOUL ANDERSEN's model leaves some space for critical remarks. The major thesis of constructivist approaches, namely that the discourse and not the distribution of preferences that is the deciding factor for the solutions of negotiations (Braun 1999:25), has often been criticised. And it is the significance of interests which indeed is a debatable issue, also when referring to the 'constructivist model of changes in welfare policies'. Repeating once again GOUL ANDERSEN'S assumption that political decision-makers will normally choose those "problem definitions" and "solutions" that best serve their political interests most, this makes the problem comprehensible. He neither does specify the term interests nor does he clarify if interests are defined by the process of negotiation according to the constructivist philosophy. It rather seems that GOUL ANDERSEN, similarly to PETER HALL with his paradigm approach, clearly distinguishes between ideas and interests. This should be kept in mind when working and referring to the constructivist model of changes in welfare policies, as it obviously contradicts a typical view of constructivism, namely that the process of negotiation defines the interests of actors.

Personally I am convinced that it is very helpful to follow GOUL ANDERSEN in this respect and not to assume that ideas and interests are contradicting and opposed concepts. As MAJONE already noted: "rather than a polarity, ideas and interests represent two analytic perspectives[6] – different but complementary. To choose one is not to reject the other" (Majone 1992:2 citing Lepsius 1986). Altogether it seems to me that GOUL ANDERSEN's constructivist model of changes in welfare policies is designed in a way which leaves enough space for considering the quite different 'causal paths' by which ideas have the possibility to influence policy

6 According to Majone "[i]deas are related to interests since they are normally produced with some purpose in mind and also because, as Max Weber emphasised, ideas are powerless in history unless they are fused with material interests. Conversely, interests are related to ideas since the pursuit of interest requires intellectual operations like the specification of feasible goals, the selection of appropriate means, and especially in public life, the justification of both goals and means" (Majone 1992:2).

outcomes. Certainly, due to its focus on "the formation of ideas" (Goul Andersen 2000a) the impact of discursive structures or the role that for example epistemic communities can play by carrying certain ideas into the political decision-making process comes to the fore. Yet, the model does as well point out the fact that policy makers do have interests and that they act under institutional preconditions when dealing with the available problem definitions and solutions (Ibid, p. 6). Concepts like the institutional embeddedness of ideas are therefore just as present as the assumption that the distribution of power resources can actually influence which ideas will be of significance in the context of welfare state modernisation.

Having all these assumptions of GOUL ANDERSEN in mind, it seems to me that the 'constructivist model of changes in welfare policies' offers a very promising perspective which is worth to be considered when answering my research questions. For me, especially GOUL ANDERSEN's prediction that decision-makers will normally choose those "problem definitions" and "solutions" that best serve their political interests (Goul Andersen 2000a:7) is very helpful. Since EU member states according to the recommendations made in the scope of the Lisbon agenda are supposed to eliminate their weaknesses and shortcomings in the context of social protection I do not think it is very likely that the corresponding European recommendations and their underlying problem definitions are compatible with the interests of national decision-makers. Otherwise, these shortcomings would probably have been corrected already. Against this background, GOUL ANDERSEN'S model would thus predict a rather negative development concerning the elimination of national weaknesses. It will be quite interesting to examine if this is actually the case or not. But before analysing the *national* 'reception of ideas', the next chapter starts with illustrating at first the *EU-level* process of 'interpretations and problem definition' which is equally important for my research. Depending on GOUL ANDERSEN's assumption that "problems do not really become problems before somebody defines them as problems" (Goul Andersen, 2000, p. 7), I will depict the role of the European Commission in this regard and describe how its political agenda looks like and on which 'ideas' it is based. In a first step, however, I will give a short overview of the political coordination procedures which are used at the European level to disseminate any ideas on welfare modernisation.

3 Reconciling European social protection systems with labour market integration: Development and significance of the European Commission's policy agenda[7]

In a first step the following chapter seeks to illustrate the political coordination procedures which are used at the European level to disseminate ideas of welfare modernisation. A short illustration of this framework seems important to me as it is especially the institutional embeddedness of ideas that is a causal mechanism by which ideas affect policy making beyond the discursive structures (see also chapter 2.5). I will analyse therefore to what extent and in which way the most essential ideas on modernising social protection systems have become embedded in the political coordination procedures of the EU. I will start with a description of the developments in the 1990s when the Broad Economic Policy Guidelines as well as the European Employment Guidelines came into existence, then go on with a short illustration of how the Open Method of Coordination was introduced into the realm of social policy with the Lisbon Agenda in 2000, and finally depict the process of streamlining the Open Method of Coordination which was initiated in the year 2005.

After these foundations I will turn to the agenda of one central actor in the European coordination procedures, namely the European Commission. Analysing and illustrating the ideas that the European Commission sends into the policy-making process seems most promising to me since "[g]iven its institutional situation, the Commission is naturally led to play the role of promoter of the EU general interest" (Tholoniat 2007:26). THOLONIAT already conceptualised the Commission as "the advocate of the EU" (Ibid) and since it is the intention of my work to examine the significance of 'European'-level ideas on the modernisation of social protection systems, this leads almost automatically to an analysis of the European Commission's policy agenda. Certainly, some scholars, like MARK A. POLLACK for example, consider the European Commission rather to be an agent of the EU's member states and point to the fact that it is often quite difficult to determine if the Commission has really been a successful 'agenda-setter' or if the decisions of the Commission only represented a "rational anticipation and accommodation of member-state preferences" (Pollack 2000:9).

But in the style of MARC SMYRL I will conceptualize the European Commission first and foremost as a self-motivated autonomous actor, who, over time, can change the policy preferences of member states which are considered not to be constant (Smyrl 1998:82).

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[7] This chapter has in parts been translated into German and was published in the book 'Die Europäische Kommission und die Zukunft der EU: Ideenfabrik zwischen europäischem Auftrag und nationalen Interessen' edited by Fischer, Robert, Karrass, Anne, Kröger, Sandra, Opladen 2007. My essay in that volume is mainly based on chapter 3.2 of this thesis and was published as ‚Soziale Sicherung und Arbeitsmarktintegration: Wie bedeutend ist die Agenda der Europäischen Kommission?' (Briechle 2007).

Focusing on the period since the initiation of the Lisbon Agenda in the year 2000 the question that shall be addressed primarily is the following: What are the major characteristics of the European Commission's agenda as regards reconciling social protection with incentives for labour market integration, and which ideas and policy concepts respectively are underlying the documents that have been issued in this regard? The starting point for the analysis will be the Commission's Communication 'A Concerted Strategy for Modernising Social Protection' from 1999. Principally this strategy is based on the four pillars of (1) making work pay and providing secure income, (2) making pensions safe and pension systems sustainable, (3) promoting social inclusion and (4) ensuring high quality and sustainability of health care (European Commission 1999:3). The European Commission's agenda can, however, only be illustrated exemplarily in the scope of this chapter. Therefore, the reader has to consider that the analysis will concentrate only on the two pillars of employment and social inclusion. This decision has been taken due to the fact that these issues seem to be especially suitable for illustrating the European Commission's agenda of fostering active rather than passive measures and providing incentives for labour market integration. After having analysed the European Commission's agenda it will be compared to national designs of social protection policies. This procedure has been chosen since the modernisation of social protection takes place in the scope of the Open Method of Coordination (OMC) where, as BULMER and RADAELLI make clear, "the EU does not work as a law-making system but, rather, as a platform for the convergence of ideas" (Bulmer and Radaelli, 2005, p. 349). Based on the assumption that it is an ideational "convergence towards the EU's goals" (Ibid) which shall be achieved, the comparison of European-level ideas with national policy arrangements will thus be helpful to assess the existing consensuses and discrepancies as well as the chances for the development of a common vision of social protection by ideational convergence. If the EU is considered to be working as 'a platform for the convergence of ideas' it is the question which role European actors such as the Commission are playing and what kind of value has to be attached to its policy agenda. In this regard I will argue that the European Commission has a particular perception of modernising social protection which is based on a compromise between the liberal and Nordic employment regime and that it is trying to project this perception via "cognitive frameworks" (Bulmer and Radaelli, 2005, p. 351) on national decision-makers.

3.1 The architecture of social, economic and employment policy co-ordination in the EU

Not all co-ordination processes at the EU-level are politically equal and the role of the European Commission varies as the following illustrations will show.

3.1.1 The development of coordination processes during the 1990s

3.1.1.1 The Broad Economic Policy Guidelines

Since the 1990s the Broad Economic Policy Guidelines (BEPG) are at the centre of economic policy coordination in the EU. The legal basis of the BEPGs is given as follows: According to Art. 99 (2) the Council, in this case the ECOFIN Council[8], shall be „acting by a qualified majority on a recommendation from the Commission, formulate a draft for the broad guidelines of the economic policies of the Member States and of the Community, and shall report its findings to the European Council" (Treaty establishing the European Community 2002). The European Council then discusses a 'conclusion' on the BEPGs and on this basis ECOFIN finally adopts a recommendation which sets out the BEPGs (Ibid). Yet, the implementation of the BEPG recommendations is neither a legal obligation nor does the treaty include any sanctioning mechanism in case of non-compliance (Linsenmann and Wessels 2002:6). The ECOFIN Council can only pass a non-binding recommendation in case "the economic policies of a Member State are not consistent with the broad guidelines […] or that they risk jeopardising the proper functioning of economic and monetary union" (Treaty establishing the European Community 2002).

The first BEPGs were drawn up in 1993 and as DEROOSE, HODSON and KUHLMANN point out these BEPGs articulated already an economic policy strategy for the EU that is still valid today:

> "The guideline on price stability, which called for an average inflation rate of 'no more than two to three percent' […], foreshadowed the European Central Bank's future definition of price stability […]. The guideline of sound public finances called for lower budget deficits 'perhaps close to balance' by 2000, thereby pre-empting the Stability and Growth Pact's medium term objective […]. The guideline on structural measures 'aimed specifically at improving competitiveness and the Community's underlying capacity to create jobs' would later be echoed by the European Council at Lisbon in March 2000 […]" (Deroose, Hodson, and Kuhlmann 2005:4).

[8] The Economic and Financial Affairs Council is commonly known as the ECOFIN Council and is composed of the Economics and Finance Ministers as well as the Budget Ministers of the EU member states.

During the years, the BEPGs have been complemented by the introduction of the 'European Employment Guidelines' (1997), the 'Stability and Growth Pact'[9] (1997), the setting up of the 'Cardiff Process'[10] (1998) and the 'Macro-Economic Dialogue' at Community level[11] (1999). Other important innovations concerned the first country-specific guidelines, which the BEPGs include since 1998, and the so called Implementation Reports, which the European Commission composes since 1999 in order to review the progress made by Member States in implementing the economic policy strategy as laid down in the BEPGs (Deroose et al. 2005:5). Later on, trying to avoid repetitions in the formulation of the guidelines, in 2002 the European Commission proposed a new three-year cycle for the BEPGs with the first multi-annual BEPGs covering the period from 2003–2005 (Ibid). However, due to the relaunch of the Lisbon Strategy in 2005, the BEPGs were 'reformed' again as they were merged with the European Employment Guidelines into the 'Integrated Guidelines for Growth and Jobs'. Further remarks on these new guidelines will be given in chapter 3.1.3.

3.1.1.2 The European Employment Guidelines

At the European Council Summit in Essen (1994) policy-makers began to develop a process which aimed at a better coordination of employment policies in the EU member states. The Council recommended an improvement of "employment opportunities", an increasement of the "employment intensity of growth", a reduction of "non-wage labour costs", active labour market policies with a focus on more "occupational and geographical mobility" and better "targeting measures" which should aim at the long-term unemployed (Goetschy 1999:121). The European Council also urged the EU member states to set up so-called Multi-Annual Employment Programmes (MAPs), which for the first time came into existence in 1995 (Kongshøj Madsen and Munch-Madsen 2001:256). The development of this policy coordination process finally led to an agreement on new employment provisions in the Treaty,

9 The 'Stability and Growth Pact' specifies European fiscal policy coordination and intends to ensure that Member States maintain their budget discipline and avoid excessive deficits.

10 The 'Cardiff Process' monitors „the economic reform in Member States in order to improve the functioning of products and capital markets in the Community" (Linsenmann and Wessels 2002:8).

11 The Macro-Economic Dialogue involves the European Commission, ECOFIN, the ECB and the Social partners and is based rather on the "exchange of information" than on "actual involvement" (Linsenmann and Wessels 2002:9).

which were agreed upon at the Amsterdam European Council in June 1997. Under this new framework

> "European Employment Guidelines are decided each year by the Council following a proposal from the Commission; these Guidelines have to be taken into account in national action plans (NAPs), which are assessed through the Joint Employment Report from the Commission and the Council, with a view to set the next annual guidelines" (European Commission 2002c:5pp).

The very first European Employment Guidelines were adopted at the Luxembourg Summit on jobs in November 1997. There it was decided that the European employment strategy should be based on four main pillars (Goetschy 2003:149):

(a) improving employability: which meant that first and foremost a "preventive approach" as well as "activation policies" should be applied in order to improve the unemployed's prospects on the labour market (Ibid);

(b) *developing entrepreneurship*: which is primarily aimed at a reduction of "administrative constraints" relating to new business start-ups and the hiring of new employees and, in overall, a taxation that is designed in a more employment friendly way (Ibid);

(c) *encouraging adaptability*: which related in the first instance on the goal of modernising the "work organisation" in enterprises (Ibid); and

(d) *equal opportunities*: which was formulated as a political goal in order to reduce the "gender pay gap" and to accelerate above all the progress in the area of "reconciling work and family life" (Ibid).

Based on these four central pillars the first National Action Plans for Employment (NAPs) were brought forward early in 1998 (Kongshøj Madsen and Munch-Madsen 2001:257). In September 1998 the first national implementation reports followed and in December 1998 the Commission was able to present the first Joint Employment Report (Ibid). Since the year 2000, the Council can issue specific recommendations to Member States, which complement the Employment Guidelines (European Commission 2002c:6). These recommendations play an important role for the conduction of my case studies as during the research period they form the basis on which the weaknesses of Swedish and British social protection policies have been identified and formulated.

Five years after the initiation of the European Employment Strategy the Nice European Council of 2002 called for a review of the EES. At that time the Strategy had developed "18

guidelines […] and more than 100 indicators" (Jobelius 2003:12) to illustrate the different performances of the EU member states. The revision of the EES can be characterised by a reduction of the number of guidelines and the attempt to put the Lisbon targets at the centre of the Strategy. This meant that instead of conducting their policies according to the four pillars mentioned above Member States should now "foster the three overarching and interrelated objectives of full employment, quality and productivity at work, and social cohesion and inclusion" (European Council, 2003). Furthermore, the Commission and the member states agreed on 10 key guidelines which were expected to contribute to achieving these overarching objectives. These guidelines can be summed up as follows (European Council 2003):

(1) Active and preventative measures for the unemployed and inactive
(2) Job creation and entrepreneurship
(3) Address change and promote adaptability and mobility in the labour market
(4) Promote development of human capital and lifelong learning
(5) Increase labour supply and promote active ageing
(6) Gender equality
(7) Promote the integration of and combat the discrimination against people at a disadvantage in the labour market
(8) Make work pay through incentives to enhance work attractiveness
(9) Transform undeclared work into regular employment
(10) Address regional employment disparities

According to ANDREW WATT this new structure constituted however a development that he rather characterised as a change in "presentational terms" (Watt 2004:125). Certainly, as he himself emphasised, each Employment Guideline "now reflects a concrete goal of public policy ('promote active ageing', 'combat discrimination', and so on) rather than being structured around abstract concepts such as employability" (Ibid). But despite a number of new targets and more precise quantifications that had been included with the revision of the European Employment Strategy, the guidelines were not characterised by a "fundamentally" new content as was finally concluded by WATT (Ibid, p. 128). What changed significantly, though, was the fact that the Employment Guidelines with the revision of the EES became multi-annual and were valid for the period 2003-2005. However, due to the relaunch of the Lisbon Strategy in 2005 the European Employment Guidelines have been 'reformed' again as

they were merged with the BEPGs; together they became the 'Integrated Guidelines for Growth and Jobs'. Further remarks on these new guidelines will be given in chapter 3.1.3.

3.1.2 The Social Inclusion Strategy and the Open Method of Coordination (2000)

In March 2000 the Lisbon European Council decided to apply the so-called 'Open Method of Coordination' (OMC) in the context of social inclusion. The new method was initiated in accordance with the European Commission Communication 'Building an inclusive Europe', which was issued shortly before the summit (Ferrera, Matsaganis, and Sacchi 2002). Characteristic for OMC is that it emanates from the idea "of diversity as an opportunity for improving national standards and converging on the best results (outcomes). The process through which this should be achieved is learning, a change-inducing process based on ideas" (Pochet 2005:42). According to POCHET this new arrangement is thus aiming at what he calls the "harmonising of ideas", which includes the goal of formulating some kind of a "common political vision" (Ibid). Against this background, the Nice European Council in December 2000 adopted common objectives in the fight against poverty and social exclusion and agreed that Member States would draw up two-yearly National Action Plans (NAPs). Since then we can talk of a European Social Inclusion Strategy that is based on four broad objectives: "(1) to facilitate participation in employment and access by all to the resources, rights, goods and services; (2) to prevent the risks of exclusion; (3) to help the most vulnerable and (4) to mobilise all relevant bodies" (European Commission 2001a:10). Analytically seen, this OMC of social inclusion has been closely 'modelled' on the European Employment Strategy and comprises the following elements:

- "fixing guidelines for the Union combined with specific timetables for achieving the goals which they set in the short, medium and long term;
- establishing, where appropriate, quantitative and qualitative indicators[12] and benchmarks against the best in the world and tailored to the needs of different Member States and sectors as a means of comparing best practices;
- translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences;
- periodic monitoring, evaluation and peer review organised as mutual learning processes" (European Council, 2000, Article 37)

[12] For an elaboration of the different types of indicators and their qualitative characteristics see for example (de la Porte 2002:42).

Yet, when compared to the coordination procedures in European economic and employment policies some clear differences remain. Concerning the implementation of the EES and the BEPGs both the Commission and the Council can for example issue "joint recommendations" to member states, while this is not possible within the context of the OMC social inclusion (Zeitlin 2005:21). In practice, as ZEITLIN points out, the BEPGs "impose national ceilings on government deficits" and the European Employment Guidelines are characterised by "fixed European employment rate targets", while the Social Inclusion OMC can only request the member states "to set national targets […]" (Ibid). From this point of view, the success of the social inclusion OMC thus depends on the ability of the EU and the Commission as one of its major actors to convince national policy-makers of the necessity of policy reforms and to formulate the requested reforms in a way that corresponds to the values shared by a majority of the political actors and citizens in the different member states (Schmidt 2002:221). The first National Action Plans for Social Inclusion (NAPinc), that have been submitted by the EU member states, covered the two-year period from 2001–2003; the second NAPincs were valid from 2003–2005. Then in 2005, due to the relaunch of the Lisbon Strategy, the procedures of the Social Inclusion OMC were 'reformed'. The changes will be detailed in the following chapter.

3.1.3 The streamlining of the Open Method of Coordination (2005–2006)

"We need a dynamic economy to fuel our wider social and environmental ambitions. This is why the renewed Lisbon Strategy focuses on growth and jobs" (European Commission 2005e:4). The European Commission arrived at this major conclusion, after the so-called KOK High-Level Group report of 2004 had identified a disappointing delivery as regards the Lisbon Strategy's objectives "due to an overloaded agenda, poor coordination and conflicting priorities" (Kok 2004:6). Against that background the European Commission based its own mid-term review of the Lisbon Strategy in 2005 on three central concepts: (1) "Europe's action's need more focus", which meant that all efforts should be concentrated on pursuing the policies that have the greatest effect, (2) "mobilise support for change", which meant that necessary reforms must become a top priority in political debates and the political discourse, and (3) "simplify and streamline Lisbon", which meant that responsibilities should be clarified and that the "reporting burden" on member states should be diminished (European

Commission 2005e:5). Accordingly, the procedures of the Open Method of Coordination were revised in 2005/2006 and the following course of action was developed.

Socio-economic policy coordination

As was illustrated at the beginning of this chapter, the Broad Economic Policy Guidelines and the Employment Guidelines used to be two separate policy instruments. In 2005, however, the *Integrated Guidelines for Growth and Jobs* merged them together into one document. The governance cycle still comprised three years, so that the first Integrated Guidelines were valid for the period 2005–2008[13]. On the basis of these guidelines whilst replacing the National Action Plans (NAPs), member states started to draw up a 3-year 'National Reform Programme' (NRP) and began to report once a year on the implementation of this programme in a national Lisbon report (Welz 2007). The Commission on its part presented a so-called 'Community Lisbon Programme' which followed the structure of the Integrated Guidelines and proposed policy measures in the following three main areas: "(a) Knowledge and innovation for growth, (b) Making Europe a more attractive place to invest and work, and (c) Creating more and better jobs" (European Commission 2005a:3p). The progress in this policy coordination procedure was reviewed by the Commission in an 'Annual Progress Report' (Ibid, p. 4).

Policy cooperation in the social protection area

In 2005 the European Council adopted also a new framework for the social inclusion process and put it together with the formerly rather independently pursued objectives of making pensions safe and ensuring the sustainability of health care. According to the common objectives the following goals should be achieved:

- "Promote social cohesion and equal opportunities for all through adequate, accessible, financially sustainable, adaptable and efficient social protection systems and social inclusion policies.
- Interact closely with the Lisbon objectives on achieving greater economic growth and more and better jobs and with the EU's Sustainable Development Strategy.
- Strengthen governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of policy" (European Commission, 2005f, p. 5).

13 The Integrated Guidelines were re-examined in 2008 but remained unchanged for the years 2008–2010.

Starting in 2006, all member states then produced a 'National report on strategies for Social Protection and Social Inclusion' (NSRs), which replaced both the NAPs/inclusion and the National Strategy Reports on pensions. As the first NSRs arrived one year into the Lisbon three-year cycle (2005–2008), they, exceptionally, covered only a two-year period (2006–2008) (European Commission 2005f:7). The Commission on its part started to present a so-called Joint Social Protection Report, that was characterised by a three-year cycle, "with comprehensive and forward-looking reports being compiled every three years, followed by lighter updates in intervening years" (European Commission 2003d:13).

3.1.4 Interim result

The dissemination of ideas on welfare modernisation in the EU is based on a policy process that is only binding on a political level. It has to be noted, though, that even if most OMC processes are based on common European objectives, especially the EES and BEPG involve detailed guidelines and recommendations for their realisation by Member States. This means that the ideas disseminated in these two policy strands can assumed to be somewhat more 'binding', since governments "have to actively defend their positions" at least if they do not conform to the specific recommendations that the EU has given and they have to "think twice" before introducing measures that are not in line with them (Jacobsson 2005:133). Overall, as scholars like STEINLE argue, the coordination of European employment policy has never been detached from the coordination of European economic policy (Steinle 2001:82). In this sense the introduction of the Integrated Guidelines was in a way a logical consequence that had to be drawn some day. As regards the common scope of *social* policy and economic or employment policy the explanations above certainly confirm STEINLE's assessment that it is is mostly confined to labour market policy (Ibid, p. 87). As regards the qualitative nature of the ideas which have become embedded in the EU coordination procedures one can conclude with SURENDER that they tend decreasingly towards a "protective reaction against market relations" and increasingly "towards policies directly connected to labour market participation" (Surender 2004:9). Especially since in 2005 the renewed Lisbon Strategy put the focus unmistakably on growth and jobs, all policy coordination processes have aimed at a 'high level of employment'. The modernisation of European social protection policies must therefore be pursued in the context of labour market integration. How the agenda of the European Commission looks like in this regard will be discussed in the following chapter.

3.2 The European Commission's policy agenda as regards the modernisation of social protection systems

Traditionally, social protection has not been a top priority on the European policy agenda. During the last two decades, however, different political actors tried to set out what could be called "a socio-economic and political identity for European social protection" according to DE LA PORTE (de la Porte 2000:1). In the years 1995 and 1997 the Commission published its first two Communications[14] on the future of social protection and proposed a working agenda that primarily referred to the "change in the nature of work", the "ageing of the population", the "change in the gender balance within society" and the "new patterns of workers' migrations throughout the EU" (Chassard 1997). Nevertheless, even if these Communications of the Commission apparently were important documents they could not trigger a discursive development which contributed to placing social protection issues significantly higher on the political agenda of EU member states (de la Porte 2000:29). This situation changed in 1999, however, when the introduction of a single currency and increasing concerns about the high level of unemployment in the EU led to discussions about which qualities a "good life" should offer (Ibid). Against this background, the Commission stated that it was "time to deepen the existing co-operation on the European level in order to assist member states in successfully addressing the modernisation of social protection and to formulate *a common political vision* of social protection in the European Union" (European Commission 1999:12). Consequently it's third Communication on the future of social protection, which was titled 'A concerted strategy for modernising social protection', sat out a strategy based on four pillars whose respective aims were (1) to make work pay and provide secure income; (2) to make pensions safe and pension systems sustainable, (3) to promote social inclusion and to (4) ensure high quality and sustainability of health care (Ibid, p. 13pp). With the declarations of the Labour and Social Affairs Council on the 'strengthening of co-operation for modernising and improving social protection' from November 1999 these four broad objectives were endorsed. The Council made clear that the modernisation of European social protection policies should be pursued interactively with the European Employment Strategy (Labour and Social Affairs Council 1999). As will be shown in the analysis of the Commission's agenda this 'embedding' has been confirmed and further developed by the Lisbon Strategy.

[14] Commission Communication 'The Future of Social Protection: a Framework for a European Debate' (COM (95) 466 final) and Commission Communication 'Modernising and Improving Social Protection in the European Union' (COM (97) 102).

3.2.1 The European Commission's aim of reconciling social protection systems with incentives for labour market integration

One year after the Commission's Communication on 'A Concerted Strategy of Modernising Social Protection' was issued it was put into the new political context of the Lisbon Strategy. Above all, this meant that since the Lisbon European Council 2000 the aim of achieving sustainable social protection systems has been integrated into the European Unions goal of becoming 'the most competitive and dynamic knowledge-based economy in the world'. Consequently the Portuguese Presidency Conclusions from the year 2000 declared that social protection systems must "underpin the transformation to the knowledge economy" and that they should "be adapted as part of an active welfare state to ensure that work pays […]" (European Council 2000:Article 31). The European Commission took up this argumentation as well and argued during the following years that social protection systems should be reformed in a way that provided "appropriate financial incentives to take up jobs, to remain in work, to increase work effort and to invest in education and training" (European Commission 2003b:3). In this context the so-called "activation" of social protection systems, the "reconciliation of work and family" and the need of "active inclusion" are deemed especially important and shall be illustrated in more detail.

An 'activated' social protection system

The concept of activation establishes a tight linkage between social protection and labour market participation and thus aims at making "established welfare rights more conditional on job seeking efforts" (Clasen and Clegg 2006:528). AMPARO SERRANO PASCUAL identifies three issues as being typical in the context of activation: "individualisation", based on "labour integration" and "contractualisation" (Serrano Pascual 2007:14). With the term "individualisation" she refers to the assumption that problems of unemployment and exclusion can be solved by modifying personal attitudes and patterns of behaviour (Serrano Pascual 2007:14); with the notion "contractualisation" she means that the access of unemployed persons to their rights depends on the question if they have a beneficial attitude and exert themselves for their employment (Ibid). Above all, SERRANO PASCUAL's analysis refers to an aspect of activation that has been characteristic for the European discourse especially since the 1990s, namely to target individuals in the working age and to improve their employability. This political aim has been formulated since the introduction of the European Employment Strategy in 1997 and can still be found when having a look at some

later proposals of the Commission for the European Employment Guidelines. In 2002 for example the EU member states were urged to "provide incentives for unemployed or inactive people to seek and take up work or measures to enhance their employability" (European Commission 2001b:11) and to "increase significantly the proportion of unemployed and inactive persons benefiting from active measures to improve their employability with a view to effective integration into the labour market […]" (Ibid). In its proposal for the Employment Guidelines of the year 2003 the Commission became even more concrete and suggested very detailed measures which the member states were supposed to implement until the year 2005. For example, services like job search assistance and a personalised action plan should "be offered to all unemployed people before they enter their 4th month of unemployment" (European Commission 2003c:10). Furthermore, by 2005, all young people running the risk of becoming long-term unemployed should be offered "a new start in the form of work experience or training (combined where appropriate with on-going jobsearch assistance) before reaching 6 months of unemployment" (Ibid). In all other cases work-experience or training should be offered before the benefit recipients reach 12 months of unemployment, whereupon the Commission proposed in this case the year 2010 as the date of implementation (Ibid). Yet, apart from the activation of unemployed individuals, during the last years the European discourse has been shaped by another trend, too. Namely the attempt to communicate that the tax and benefit systems as such needed to be reformed, since their design was too cumbersome for employment creation and better flexibility on the labour market (Barbier 2005:422). The areas of European social protection systems which potentially can be "activated" have been summarised by BARBIER as follows:

> "(i) benefit programmes (unemployment insurance and various "assistance" schemes) […], (ii) pension systems […], (iii) employment (or labour market) programmes; but also, (iv) […] the extension of tax credits; programmes that partly allow people to keep their entitlements to benefits while being employed (supposed to incentivise them to take jobs); various demand-side programmes for subsidising jobs such as those introduced to decrease social contributions or to allocate wage subsidies to employers when they hire additional people" (Barbier 2005:423).

The modernisation of tax and benefit systems as described above was proposed in a lot of the Commission's documents of the research period. Taking for example the new Integrated Guidelines for Growth and Jobs from 2005 one can find the call for a "continuous review of tax and benefit systems, including the management and conditionality of benefits […], with a view to making work pay and to ensuring adequate levels of social protection" (European Commission 2005c:28). In its 'Draft Joint Report on Social Protection and Social Inclusion

2005' the Commission also urged the member states to ensure "a better linkage between social protection, lifelong learning and labour market reforms so that they are mutually reinforcing" (European Commission 2005b:6) and to modernise social protection systems in a way that "benefits aimed at those who are able to work provide effective work incentives" (Ibid). In its Communication 'Towards Common Principles of Flexicurity: more and better jobs through flexibility and security' (2007) the Commission was even more precise. Above all modern social security systems should "provide adequate income support, encourage employment and facilitate labour market mobility" (European Commission, 2007b, p. 5). Going into details and taking the unemployment insurance as an example it was then stated that such an insurance was certainly necessary but entailed as well the problem that it may "reduce financial incentives to accept work" (European Commission 2007b:6pp). The Commission argued, however, that a remedy could be found by setting up "efficient job search support and work incentives" and achieving "a balance between rights and obligations" (Ibid).

Last but not least it was communicated that the modernisation of European tax and benefit systems should be conducted in a way that ensured more mobility on the labour market. To this end the Commission pursued a "political vision to promote human resources in the Union" (European Commission, 2002a, p. 4) and called for "increased efforts to raise investment in human resources, with even greater emphasis on training for the labour force […]" (European Commission 2002b:4). In addition, the member states were continuously reminded that skills and competences determine "the extent to which those entering or returning to the labour market can take up the jobs on offer or create self-employment" (Ibid, p. 7) and that "access to relevant training for unemployed as well as inactive persons […] should be promoted via a stepping up of active labour market policies targeted to the needs of individuals and employers" (Ibid, p. 11). Altogether it can thus be argued that the European Commission's policy agenda, especially since the initiation of the Lisbon Strategy in 2000 and its relaunch in 2005, was characterised by an activation[15] of social protection systems,

15 It has to be pointed out, however, that the Commission did not create the approach of activation but rather took it 'on board'. Essentially 'activation' dates back to the 1940s and the historical 'Swedish Model' with its labour market policies that were characterised by "a variety of programmes fostering mobility, reallocation of the workforce, training, etc." (Barbier, 2005, p. 420). During the 1960s it was the OECD that adopted corresponding recommendations and since the launch of the 'Job Strategy' in 1994 the activation of labour market policies has become "a key OECD benchmark […]" (Ibid, p. 421). Beyond that, the Commission uses political terms such as ‚activation' or 'social exclusion/ social inclusion' in a rather vague manner and tries to keep them "sufficiently ambiguous to apply to diverse situations" (Barbier, 2005, p. 420). The advantage is obvious as highlighting the generalised nature of a problem is assumed to be useful in "building new-broad-based coalitions to reform European welfare states" (Atkinson and Davoudi 2000:437).

which had as its ultimate goal to offer enough incentives for making benefit recipients more employable.

'Reconciling work and family'

The reconciliation of work and family was first addressed in the EU within gender equality policies. The new Article 2 of the Treaty of Amsterdam in particular stipulated that the promotion of gender equality should be pursued in all policies (Masselot and Caracciolo di Torella 2010:26). In this vein the Ministers for Employment and Social Policy at their Council meeting in June 2000 adopted a resolution which stressed that:

> "[t]he beginning of the twenty-first century is a symbolic moment to give shape to the new social contract on gender, in which de facto equality of men and women in the public and private domains will be socially accepted as a condition for democracy, a prerequisite for citizenship and a guarantee of individual autonomy and freedom, and will be reflected in all European policies. […] Both, men and women, without discrimination on the grounds of sex, have a right to reconcile family and working life" (Council of the European Union 2000b).

Yet, since the initiation and especially since the relaunch of the Lisbon Strategy in 2005 the view of reconciling work and family as an 'economic tool' became more and more apparent. The strong emphasis of the Lisbon Strategy on growth and jobs led to the assumption that "women's huge potential on the labour market needs to be tapped if the strategy is to succeed" (European Commission 2008:2). One goal to be reached in this area was already formulated by the Barcelona Council in 2002 as it was promoted that sufficient childcare services for more than one third of all children under 3 years of and for about 90 percent of those ones being older than 3 years should be ensured (Lewis et al. 2008:263). But the European Council and the Commission as well incorporated the economic necessity of women's employment into other policy fields. For example, the reconciliation of work and family became a key element of the EU's Social Inclusion Process, whose first objective reminded the member states to facilitate participation in employment. In this regard all employable women and men should receive access to a stable and long-term quality employment "by developing policies to promote the reconciliation of work and family life, including the issue of child and dependant care" (European Commission 2000a:7). Furthermore, the Commission's report on equality between women and men from 2005 took up this argumentation (European Commission 2005d) and the 'Roadmap for Equality between Women and Men 2006–2010' explicitly emphasised that "[r]econciliation policies help create

a flexible economy" (European Commission 2006a:5) and that they "help people enter and stay on the labour market, using the full potential of the workforce" (Ibid).

In October 2008 the European Commission issued its Communication 'A Better Work-Life Balance', which authors like MASSELOT and CARACCIOLO DI TORELLA consider to be the most innovative proposal as regards the reconciliation of work and family. Above all, the Communication introduced a legislative proposal which suggests "to increase the minimum maternity leave from 14 to 18 weeks; [… and] to improve employment protection for women on, or returning from, maternity leave" (European Commission 2008:6). Moreover, the proposal recommended to pay women their full salary during this period. The background for claiming such supportive policies for women was again the Lisbon rhetoric according to which the achievement of economic growth and competitiveness takes centre stage (Masselot and Caracciolo di Torella 2010:47). This legislative proposal on maternity leave was amongst others justified by the assumption that it is easier for women to start working again "if the woman's employment rights are respected. Improving leave arrangements and payment during leave, and strengthening employment rights will help reconcile work and family life and improve labour market participation of women with children" (European Commission 2008:6). An interesting detail of the Commission's ‚Work-Life Balance Package' mentioned above has been illustrated by MASSELOT and CARACCIOLO DI TORELLA, which relates to the terminology that was used to present the new reconciliation measures. As the two authors point out, the Commission ceased to use the concept of 'reconciling work and family life' and started instead to use the term 'reconciliation of work, private and family life' (Masselot and Caracciolo di Torella, 2010, p. 46). Obviously, this change served a strategic purpose, namely to include more people and other living conditions in the reconciliation (Ibid). On a more analytical level MASSELOT and CARACCIOLO DI TORELLA point out that there exist two major approaches which influence the discussions and policies in the EU. The first one is a traditional approach which assumes that "mothers remain the main carers and in charge of household tasks" (Ibid, p. 31p). In this perspective the aim of reconciliation policies becomes to make women's entry into paid employment feasible while not putting into question their role as caregivers (Ibid, p. 32). The second approach is a more modern and dynamic one which considers reconciliation to be an issue for mother *and* father. It therewith supposes a so-called "shared roles model" which stems from the traditions in Scandinavian countries (Ibid). Trying to find out which of the two models in the European discourse prevails MASSELOT AND CARACCIOLO DI TORELLA come to the conclusion that "stereotypes about the

mother's role and responsibilities have proven difficult to dismiss" (Ibid, p. 33). It seems as if the two scholars really would have liked to believe that the EU is moving towards the more modern concept of reconciliation as described above. Yet, they had to find out that as late as in 2008 VLADIMÍR ŠPIDLA, Commissioner for Employment, Social Affairs and Equal Opportunities, promoted the Commissions Work-life Balance Package as a "help [to] *women* to combine work and family life" (Ibid). Nevertheless, taken as a whole the Commission's call for policy reforms in the context of reconciling work and family (if implemented) can involve significant interventions in family practices. As MARY DALY noted, the attempt to lead women to higher market participation and more employment necessarily results in a redistribution of tasks within the family (Daly, 2004, p. 151). Moreover, the political aim of increased market participation requires that families become "solidaristic units, which actually means not only that family members support each other but that the family itself is prepared to give some of its activities to other institutions" (Daly 2004:150). Thus, resulting from the idea to strengthen the position of women on the labour market, European welfare states have challenged themselves to play a much more prominent role by ensuring the corresponding care services (Ibid, p. 151).

'Active Inclusion'

Generally spoken, the rhetoric behind the Commission's attempt to promote social inclusion is to ensure that "all individuals are integrated into, and participate in, a national social and moral order" (Atkinson and Davoudi 2000:434). In the attempt to create a concerted strategy for modernising social protection in 1999 the Commission confirmed that social protection had a key role to play in the context of promoting social inclusion and therewith the combating of issues like marginalisation and discrimination. Social protection systems should in particular "provide minimum income benefits, access to housing and health services and facilitate the broadest possible participation in society. For those able to participate in the labour market, appropriate measures should actively support integration into it" (European Commission 1999). In this context the focus should be on "prevention, fostering active rather than passive measures and providing incentives and pathways to (re)integration into the labour market and society" (Ibid). This kind of policy approach, which apparently seeks to reconcile activation with social inclusion policies, was confirmed in 2006 when the Commission issued a new Communication that dealt with the question of how social protection systems may promote the integration of people excluded from the labour market

(European Commission 2006b). With this Communication the Commission put forward a policy mix that was now called 'active inclusion' and that was supposed to combine a strong linkage to the labour market and sufficient income support for those who are in need (European Commission, 2006b, p. 8). The major challenges that such an approach entails were not neglected. The Commission argued for example that "Minimum Income (MI) schemes can be the only way to escape extreme poverty; yet, while performing this indispensable function, MI schemes must also promote labour market integration of those capable of working" (European Commission 2006b:2). At this point it becomes clear that any striving for a maximum labour market integration has its limitation, as there will always be the question of how to ensure a decent way of living for those who are not capable of working and who are running the risk of feeling themselves as useless remnants of a kind that cannot take part in the 'game'. Nevertheless, despite these problems described and expected by the Commission as well (see Ibid), the political route was very clear: also in the context of inclusion policies EU member states should act on the maxim that was valid for the overall modernisation of the European benefit systems during the research period, namely that labour market integration is necessary and without alternative.

3.2.2 How compatible is the European Commission's agenda with the circumstances in EU member states?

As already pointed out the modernisation of social protection takes place in the framework of the OMC "where the EU does not work as a law-making system but, rather, as a platform for the convergence of ideas and policy transfer between member states" (Bulmer and Radaelli 2005:349). Altogether it is expected and hoped for that a process of 'spreading best practice' will trigger an ideational convergence towards the EU's goals and that eventually this will lead to policy changes in the member states (Ibid, p. 350). So, trying to asses the difficulty of developing something like a 'common European vision' of social protection with the help of ideational convergence it is helpful to compare the Commission's agenda with the national circumstances and to illustrate the existing consensuses and discrepancies. I will therefore conduct such a comparison by analytically differentiating between the context of employment and the context of social inclusion and by using 'ideal type models' of employment regimes when comparing the European with the national level. The most well-known scholar who writes about such 'ideal type models' is ESPING-ANDERSEN, who assumes that national

differences in labour-market behaviour can be explained by the design of welfare state regimes (Esping-Andersen 1990:144). One of the initial assumptions of his research is that the different organisations of social benefit systems have effects on labour supply and mobility (Ibid, p. 145). In addition, he considers especially women's employment to relate to tax laws or the provision of childcare services (Ibid). Early retirement is as well expected to depend on the existence of welfare-state provisions like for example retraining or the unemployment insurance (Ibid, p. 150). Altogether ESPING-ANDERSEN's research results in the claim that "welfare-state regimes and employment regimes tend to coincide" (Esping-Andersen, 1990, p. 159). His identification of three respectively four European employment regimes, namely the English-speaking countries, Continental Europe and Southern Europe (which are viewed separately by some authors) and the Nordic countries has been adopted as well by SAMEK LODOVICI (2000), for example, or BERTOZZI and BONOLI (2002). The most important drawback of such an approach certainly is the fact that national cases usually do not exactly correspond to these ideal types, and that the conclusions that are drawn from any individual case might thus of course be imprecise. The advantage of this kind of procedure is, however, that the usage of 'ideal type models' offers a possibility to derive hypotheses about the 'closeness' of European-level ideas to those at the national level. Even though such hypotheses might of course be rather abstract and difficult to generalise they will at least render possible a careful assessment as regards chances to eliminate national weaknesses by what could be called ideational convergence towards the EU's goals and the development of a 'common vision of social protection'.

3.2.2.1 The context of employment

As could be shown in previous chapters the Commission is keen to argue that the improvement and modernisation of social protection policies is a process that takes place interactively with the European Employment Strategy. Accordingly, the chances for ideational convergence towards the EU's goals in the context of modernising social protection issues are connected with the existing national employment regimes and their correspondence with the European one. The major focus of the following analysis will thus lie on the question which incentives for labour market integration the different employment regimes already offer and how these correspond to the Commission's ideas. Following the scholarly literature above mentioned, it is possible to differentiate in Europe between three respectively four

employment regimes, with "a regime being defined as a set of rules and practices that shape overall employment outcomes" (Bertozzi and Bonoli 2002:5). Yet, as I consider the Southern employment regime to be only a variant of the Continental one, it will not be considered separately in the scope of this chapter. Moreover, the reader has to bear in mind that the employment regimes will be described the way they were perceived during the research period 1998–2008.

For the English-speaking countries a *liberal employment regime* is typical. According to SAMEK LODOVICI this can be characterised by a rather limited role of the state in the context of absorbing the risks that accompany poverty or unemployment (Samek-Lodovici 2000:33). Benefit levels are kept very low – as BERTOZZI and BONOLI for example accentuate, they hardly reach more than the "subsistence level" (Bertozzi and Bonoli 2002:6) – and the aim of such a design clearly is to prompt the unemployed to better choose a low paid job than living on benefits (Ibid). Typical for a contemporary liberal employment regime is also, according to BERTOZZI and BONOLI, that the most significant disincentives in the tax system which prevent people like, for example, married women from taking up employment have been removed (Ibid). At the same time, however, the liberal employment regime is characterised by offering only rather limited childcare services, especially when compared to the other employment regimes. Trying to identify the activation approach which the liberal employment regime promotes, one can follow BARBIER, who emphasised that linkages to the labour market are first and foremost given by so called "tax credits" and "in-work benefits" (Barbier 2005:424). The overarching aim of this kind of policy is, as already mentioned, to make people choose low-paid jobs instead of benefits. But another goal is also, as Cook et al. clarify, to reduce the poverty rates among children "by redistributing income to low-income families who participate in paid employment" (Cook et al. 2001:16).

The *Nordic employment regime* is, quite in contrast to the liberal one, traditionally characterised by formulating as the basis of public policies that every citizen has a right to an adequate protection against risks like poverty or unemployment (Samek-Lodovici 2000:34). Typically, the Nordic employment regime thus offers very high benefit levels and wide-spread active labour market policies, which focus on human capital building and the training of benefit recipients in a comprehensive way (Bertozzi and Bonoli 2002:6). Women's employment is also encouraged by extensive services like publicly offered childcare places and a comprehensive support of parenting in the framework of a very generous paid parental

leave system (Ibid). The activation approach which the Nordic employment regime promotes has typically a rather egalitarian character and is applied "to an already highly active population employed in a context of relatively good quality jobs" (Barbier 2005:425). As BARBIER notes further, even in the Nordic employment regime the benefit systems are subject to recalibration measures in order to save costs; but compared to the liberal employment regime instruments such as 'tax credits' or 'subsidies' have hitherto not been put at centre stage (Ibid).

The *Continental employment regime* has traditionally been characterised by a strong system of social protection for workers "in core industries who paid into social insurance funds on the basis of lifetime employment in well-paid jobs" (Atkinson and Davoudi 2000:430). As such an approach tends to prevent employers from recruiting new employees the Continental employment regime is usually described as producing a so-called "insider-outsider cleavage" which leaves the outsiders more or less chanceless in situations of precarious employment or in long-term unemployment (Bertozzi and Bonoli 2002:6). Yet, despite this situation an approach of activation that could explicitly be called a 'Continental' model cannot be identified yet according to BARBIER (Barbier 2005:425). Especially when compared to the Nordic one, the Continental employment regime has to be characterised by non-extensive childcare policies and tax systems which often do not encourage women, especially married ones, to become a second earner (Bertozzi and Bonoli 2002:6). Even though it has to be pointed out that particularly in the field of childcare services some significant changes are under way and that in this regard some 'continental' countries, like France for example, have been better prepared than others for many years.

In comparison with the three employment regimes discussed above the European employment model can, according to BERTOZZI and BONOLI, "be seen as a compromise between the liberal and the Nordic models" (Bertozzi and Bonoli 2002:8). They argue that the European employment model emphasises 'deregulation' measures and 'tax reductions' especially in the context of policies that are important for supporting labour demand – like 'developing entrepreneurship' (making it easier to hire staff by reducing administrative constraints) and 'encouraging adaptability' (e.g. by modernising work organisation). Both these measures are typical for the liberal employment regime (Ibid). In relation to labour supply, however, and here especially when the aim of improving employability is concerned, the European employment model comes quite close to the Nordic regime as the emphasis is very much on

'training' and 'active labour market policies' (Bertozzi and Bonoli 2002:8). The guidelines of the European model and the measures they propose on gender equality are twofold according to BERTOZZI and BONOLI. On the one hand, new policies "to help women reconcile work and family life" are encouraged, which corresponds to the Nordic regime (Ibid). On the other hand, the idea of 'equal opportunity' is promoted according to which every person shall be empowered to compete equally on the basis of his or her individual talents, which is a rather liberal notion (Ibid). Altogether, as observed by BERTOZZI and BONOLI and as I will argue myself, the European employment model appears neither to be a compromise between all the three models mentioned nor something that might be called a "minimum denominator" (Ibid, p. 9). Instead it is "a compromise between the two models that have produced the best results in terms of employment rates: the Nordic and the liberal model. The choice seems dictated by purely pragmatic reasons" (Bertozzi and Bonoli 2002:9). These observations and the fact that employment and social protection policies are interlinked lead to another conclusion, namely that European actors like the Commission also favour a design of social protection policies which goes back to these two traditions.

3.2.2.2 The context of social inclusion

According to the Commission's policy agenda, overcoming social exclusion means to promote the broadest possible participation in society and to remove any barriers in this area. As could be shown, the policy measures which are promoted have, however, an almost exclusive focus on helping people into paid work. The Commission's Communication on 'Active Inclusion' mentions that the provision of employment services, which offer access to the labour market or training, and the provision of services which remove barriers to work, e.g. childcare, education, flexible working hours etc. are the elements of major importance in this context (European Commission 2006b). Obviously, the policy measures proposed to safeguard the promotion of social *inclusion* resemble those which are promoted by the Commission in the context of an 'activated social protection system' and for 'reconciling work and family'. Nevertheless, the concept of social *exclusion* as it is promoted by the Commission is an ambivalent one. On the one hand there is the assumption that the society as such is the 'excluding agent' (Briar 2000), and on the other hand the Commission draws a picture of social exclusion being a rather individual problem. These different perceptions of social exclusion can be found as well at the national level. The focus on a responsible society

and solidaristic policies is for example typical for the Nordic countries which traditionally pursue significant income transfers between the rich and the poor (Spicker 1991:17). In Great Britain, by contrast, social exclusion is rather considered to be an individual problem which the individual has to overcome of their own accord (Silver 1998:50).

Apparently, there are no such things as a definite EU approach or a clear interpretation of social exclusion; therefore it is quite difficult to grasp what any ideational convergence towards the EU goals would actually mean in the context of combating social exclusion – besides promoting labour market integration. The only thing that seems certain is that the major guiding principle of the Commission's policy agenda, namely the re-insertion of those capable to work into the labour market, is not conflicting with the traditions in the different employment regimes.

The situation is similar when the Commission's objective to ensure effective safety nets is scrutinised. The term of minimum income as used in the Commission's Communication on 'Active Inclusion' remains very vague as "in some member states 'minimum income' refers to social assistance whereas in others it describes only a specific part of it" (Solidar 2006:5). Accordingly, there is no common definition of this term on which the Commission's agenda is based. What seems to be even more important, however, is the fact that the Commission is not in the position to promote any specific model for the design of effective safety nets. The Commission is certainly prone to argue that even minimum income schemes must promote labour market integration of those capable of working and it identifies the major challenges arising from such an approach. But the Commission is far from taking a more categorical position in its recommendations for the member states. Accordingly, even in the context of minimum income schemes – the last resort of social protection – it cannot be determined what an ideational convergence towards the EU's goals would mean apart from promoting labour market integration in general.

3.2.3 What's the 'ideational' impact of the European Commission's agenda?

In the previous chapters it was shown that national designs of social protection policies differ in several respects from the Commission's policy agenda especially in the areas of 'activation' and 'reconciling work and family'. Since the modernisation of social protection takes place in the framework of the OMC, where the EU rather serves as a kind of "platform for the convergence of ideas" (Bulmer and Radaelli, 2005, p. 349), the question has to be

asked which potential impact the Commission actually has on domestic policies and if it can lead the way to the elimination of national weaknesses. Without doubt, it remains a quite difficult task to assess the actual impact of the Commission's guidelines or recommendations and their underlying ideas in terms of national policy decisions since it is hardly possible to establish causal connections. Taking the case of Sweden as an example illustrates the difficulties. Without wanting to jump ahead to the discussion in the following chapter, it can be ascertained that the country was given a recommendation by the Commission to review tax and benefit systems in order to improve work incentives. As a response to this recommendation the Swedish government listed several policy reforms which corresponded to this demand in the national reports that the country had to deliver in the process of the OMC. It can be safely concluded that these Swedish policy measures are well in line with the European recommendations, but "it is difficult to sustain that they are there *because* of these recommendations rather than the domestic situation" (Jacobsson 2005:120). Nevertheless, despite these difficulties of assessing the range of influence of the Commission's agenda, it seems justifiable to argue with KERSTIN JACOBSSON: "As a minimum, governments have to actively defend their positions if they are not willing to conform to the common norms and they have to 'think twice' before introducing measures that go against the common norms" (Ibid, p. 133). If a national government decides to comply with the European-level norms the Commission's agenda and its underlying policy concepts are in any case offering a certain guidance for domestic reform strategies.

This point can as well be made with BULMER and RADAELLI, who point out that "the method [OMC] is based on changes in the cognitive frameworks used by policy-makers to understand and assess reality" (Bulmer and Radaelli 2005:351). Seen from this perspective, the Commission can be considered as an agent who promotes certain cognitive frameworks which "reside in the background of policy debates" and thereby "limit the range of alternatives policy makers are likely to perceive as useful" (Campbell, 2002, p. 22), even though there may not be any agreement on a 'EU-model' or on precise EU goals. Such a framework is for example established on the basis of the assumption that people in a globalised world first of all need to be capable of adapting to change and capable to compete in a knowledge-based economy. Following this line of argumentation policy-makers might perceive those policy reforms as especially useful which attribute to social protection systems the task of contributing to social inclusion and the equitable distribution of opportunities rather than of income maintenance and the equitable distribution of wealth. Another framework is

established on the assumption that participation in employment equals inclusion, whereas unemployment is more or less synonymous with exclusion. Following this line of thought policy-makers might consider predominantly to implement activation programmes that focus on labour-market participation instead of other types of work or participation, such as voluntary work or unpaid care (van Berkel 2000:2). Yet, even if national policy-makers are using the cognitive frameworks promoted by the Commission, it remains true what BULMER and RADEALLI pointed out: "People may adopt the same language and talk in terms of the same criteria without necessarily taking the same decisions" (Bulmer and Radaelli, 2005, p. 350).

Due to all the difficulties that arise when trying to identify causal connections between European ideas and national policy decisions it seems quite helpful to me to rely on another approach to determine the significance of the Commission's policy agenda. The most promising one in this regard is offered by BRUNO PALIER, who argues that „[m]ost of the research that tried to assess the impact of the OMC on national policies found very disappointing results, as national policies remain oriented by national actors, trying to address national issues, keeping national trajectories" (Palier 2003:15). The question appears therefore to be less "to see whether political actors have been influenced by the OMC guidelines than whether these were useful to them within their interaction with other national actors" (Ibid). In accordance with this approach I will have a look at the specific situations in which EU-level ideas gained relevance in national policy making and how the 'weaknesses' in social protection policies as identified in European recommendations were perceived and communicated by national decision-makers. The following two case studies of Sweden and Great Britain will serve as the basis of this analysis.

4 The modernisation of social protection policies in Sweden 1998-2008

With the following case study it shall be analysed to what extent Sweden has tried to eliminate its 'weaknesses' in social protection policies which were identified in the scope of European coordination processes and specified by the recommendations of the Council Recommendations between 2000[16] and 2008. As indicated above the European Employment Strategy seeks to establish a compromise of the social democratic and the liberal employment model, and the realisation of this attempt has diverse implications for the design of national benefit and assistance schemes. For Sweden, the most urgent need for reform which has been identified was to pursue reforms of tax and benefit systems in order to improve work incentives (Council of the European Union 2001)(European Commission, 2006c; 2007a). Beyond that, the European recommendations stipulated that Sweden needed to take further measures to reduce the high tax burden on labour income, in particular for those with a low take-home pay from work (Council of the European Union 2002) and it was demanded to reduce the dependency on benefits and to eliminate unemployment and inactivity traps (Council of the European Union 2004) (European Commission, 2006c; 2007a).

If Swedish decision-makers reacted and how they tried to comply with these European recommendations shall be illustrated in the following chapter. The analysis refers on the one hand to policy reforms that have been enacted and on the other hand to the development of party-political discourses. In concrete, I decided to base my analysis on the following four welfare institutions: (1) unemployment insurance, (2) social assistance, (3) paid parental leave and (4) childcare subsidies. The empirical findings will be summarised with a theoretical consideration that refers to the ideational explanations as illustrated in chapter 2 and a specific consideration of the explanatory power of GOUL ANDERSEN's constructivist model of welfare change in this regard. The reader has to consider that from 2006 onwards the political parameters changed insofar as there was a governmental change in Sweden which brought a new centre-right alliance into governmental power.

16 Since the year 2000, the Council is able to issue specific recommendations to Member States, which complement the Employment Guidelines (European Commission 2002c:6).

4.1 National reforms

4.1.1 Unemployment insurance (Arbetslöshetsförsäkring)

4.1.1.1 General characteristics

Since January 1998 the Swedish Unemployment Insurance (UI) system consists of two parts: (a) Income-related unemployment benefits, which are provided by a scheme of voluntary insurance with compensation up to a certain level (Inkomstbortfallsförsäkring) and (b) the so-called Basic Amount, which is a compulsory scheme that provides a lower level of basic support (Grundförsäkring[17]). In order to receive income-related unemployment benefits an unemployed person has to fulfil the following three conditions (SO 2007b):

- *The basic condition*, which requires that the unemployed person is (a) able to work at least three hours every workday with an average of at least 17 hours per week, (b) prepared to accept suitable work when offered, (c) registered with the Public Employment Office, (d) establishing a so-called 'action plan' together with the Public Employment Service and (e) actively seeking a suitable job (SO, 2007b, p. 5).
- *The working condition*, which requires that the unemployed person has been either gainfully employed during the last 12 months or been self employed for at least six months and at least 80 hours during each of these months, or has been gainfully employed for at least 480 hours during a continuous time period of six months and has worked at least 50 hours each of these months (Ibid, p. 7p).
- *The membership condition*, which requires that the unemployed person has been a member of an unemployment insurance fund (arbetslöshetskassa or a-kassa respectively) for at least twelve months prior to unemployment (Ibid, p. 7).

In 2007 the unemployment insurance funds, which administer the Swedish unemployment insurance (UI) and are 'formally' independent[18], had "approximately 3.8 million members all together, corresponding to 85 percent of the work force and 65 percent of the adult population" (L. Larsson and Runeson, 2007, p. 6). In contrast to the hitherto described

[17] Until 1998 this compulsory scheme was called *cash labour market assistance* (Kontant arbetsmarknadstöd or KAS respectively).

[18] The Swedish unemployment insurance system is organised according to the so-called 'Gent-Model'. This model envisages that membership is voluntary and that the state finances the insurance while it is administered by the national trade (labour) union (LO 2011).

income-related unemployment benefits the so-called Basic Amount can be received by unemployed persons who fulfill only the basic condition and the working condition, which have been described above (SO, 2007b). Eligible are thus especially young people who have just started working and have not yet managed to join and be a member of an unemployment insurance fund for at least twelve months (Sianesi 2001). However, the basic amount is substantially less generous than the income-related unemployment benefits, both in terms of benefit duration and compensation levels (Ibid).

4.1.1.2 The improvement of work incentives

For a systematic analysis in which way and to what extent work incentives have been improved in the Swedish unemployment insurance system since the late 1990s I will rely on the work of FREDRIKSSON and HOLMLUND, who principally distinguish between three instruments to improve work incentives and the efficiency of unemployment insurance provisions (Fredriksson and Holmlund 2003).

(a) Time sequencing of benefits

Generally speaking, discussions on 'time sequencing' circle around the question if benefits should be paid at a fixed rate or if they should decline, respectively increase during the time of unemployment. Yet, according to FREDRIKSSON and HOLMLUND, who sum up the scholarly literature on this topic, "the case for a declining time profile is reasonably well developed [as it] provides better search incentives than a flat (or increasing) profile" (Fredriksson and Holmlund 2003:14). But beyond the question of the optimal 'time-profile' of benefit payments I personally consider the development of the overall replacement rate[19] to be important as well when analysing the improvement of work incentives in the Swedish unemployment insurance. Admittedly, the scholarly studies available give no clear indication whether a downgrading of benefit levels as such actually contributes to speeding up job finding. But lowering the economic security by reducing the replacement rates would certainly be an action in the Swedish UI system that contradicts the country's 'traditions' and could thus be interpretated as an attempt to provide better job search incentives.

[19] The replacement rate is the ratio of benefit payments compared to average earnings.

Looking at the concrete policies that Sweden has pursued in the context of benefit levels and at the corresponding time sequencing the following picture emerges: When the Swedish economy was hit by the deep recession of the early 1990s, the generosity of the UI system was significantly reduced; but a decade later, when the economy had recovered, these policies were reversed again (Bennmarker, Carling, and Holmlund 2005:3). More precisely, the replacement rate for those receiving unemployment benefits was 90 per cent of their previous salary during the early 1990s, while this percentage rate was lowered to 80 per cent in 1993 and 75 per cent in 1996 (Ibid, p. 6). During the time of fiscal consolidation in the late 1990s, the replacement rate was then raised again to 80 per cent in 1997 (Ibid). A reform of the unemployment insurance system at the beginning of the new century then introduced a two-tiered benefit structure with higher benefits during the first 100 days (or 20 weeks) and lower benefits thereafter. In detail, the social democratic government raised the maximum amount of daily compensation for the first 100 days (20 weeks) of unemployment from 580 SEK to 680 SEK at the 1st of July 2001 (Ibid, p. 8). In 2002 this maximum amount was raised again from 680 SEK to 730 SEK[20] and in addition, for durations exceeding these first 100 days, the benefit ceiling was raised from 580 SEK to 680 SEK (Ibid). Since the year 2002 benefit recipients whose salary was above the 'earnings threshold' thus received 730 SEK during the first 100 days and thereafter 680 SEK until the end of their eligibility (Bennmarker et al. 2005:8).

At the 1st of January 2007 the heightening of the benefit ceiling during the first 100 days of unemployment was cancelled again by the new Swedish centre-right government and the maximum amount of daily compensation was reduced correspondingly from 730 SEK to 680 SEK (SO 2007a). In other words, now there was again a uniform benefit cap of 680 SEK for the complete unemployment compensation period and the two-tiered benefit structure introduced by the 2001/2002 reform was abolished. Moreover some new regulations concerning the level of replacement rates came into existence at the 5th March 2007 (SO 2007a):

[20] For a comparison: The Basic Amount in 2001 was SEK 270 per day and was increased to SEK 320 per day at the 1st of July 2002 (MISEP 2002:12).

- Day 1-200 the replacement rate is 80 per cent
- Day 201-300 the replacement rate is 70 per cent[21]
- After day 300 the replacement rate is 65 per cent[22]
- Parents who have children which are under the age of 18 at the 300th day of the benefit period can receive 70 per cent of their previous income until day 450.

These last explanatory notes already point to another issue that has not yet been dealt with, namely the overall benefit duration in the Swedish unemployment insurance system. Especially during the 1990s unemployment benefit policy has been closely linked to active labour market programmes as those who participated in a labour market programme for five months were considered to be 'employed' during this period and could thus receive a corresponding unemployment compensation after the programme ran out (Sianesi 2001:8). In fact, by these means it was possible to extend unemployment benefit payments again and again "by using programme participation as a passport to renewed eligibility" (Sianesi 2001). This situation changed with the reform of the unemployment insurance in 2001/2002, which abolished the entitlement to a new benefit period due to a participation in active labour market programmes. The intention of this change introduced by the Social Democrats was to avoid the so-called 'carousel effect' (Forslund, Froberg, and Lindqvist 2004). The term describes the continuous alteration between periods of being unemployed and periods of participating in active labour market programmes. Moreover, the 2001/2002 reform introduced a time limit of unemployment compensation which amounted to 300 benefit days (corresponding to 60 weeks[23]) at the most. The benefit period could only be extended for an additional 300 days if the Public Employment Service (PES) judged that this would improve the chances to succeed on the labour market more than the participation in a programme called 'Activity Guarantee'[24]

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21 Because of the benefit ceiling which is constant during the whole benefit period not every unemployed person is affected by this reduction. The lowering to a replacement rate of 70% is for example relevant only for those with a previous income below 21 371 SEK per month (SO 2007a). The statistics from October 2006 show, however, that circa 77 percent of those who received unemployment benefits and had used up between 201 and 300 days of compensation had a previous income lower than 21 371 SEK (Höij and Martinelle 2007:8, citing AMS 2006).

22 The reduction to a replacement rate of 65% affects those unemployed whose benefits were based on a previous income lower than 23 015 SEK per month (SO 2007a).

23 "The 2001 reform set the maximum UI period to 60 weeks for all eligible unemployed, irrespective of age (in contrast to 90 weeks for older workers in the previous system)" (Bennmarker, Carling, and Holmlund 2005:9).

24 To provide the long-term unemployed with income support and at the same time to promote their job-search efforts, a new labour market programme, the Activity Guarantee, was introduced in August 2000. "The target group for the Activity Guarantee is persons who are or are at risk of becoming long-term registered at the Public Employment Service (PES) or those whose unemployment benefit eligibility is about to run out. […] The Activity Guarantee is a framework

(Lundgren 2006:2). If the PES decided, however, that the jobseeker had to take part in the 'Activity Guarantee' then their unemployment benefit period expired after the envisioned 300 days. For participating in the 'Activity Guarantee' a jobseeker received the allowance 'activity support' (aktivitetsstöd[25]) which, however, amounted to the same replacement level like unemployment benefits (MISEP 2002:37).

In 2007 then, with the reform of the unemployment insurance system by the new Swedish centre-right government, any possibility of extending the benefit period was cancelled and the payment of unemployment benefits had to stop definitely after a maximum of 300 days (SO 2007c). As already stated, only parents with children under the age of 18 at the 300th day of the benefit period could receive their benefits for a maximum of 450 days. If benefit recipients were still unemployed after 300 days the centre-right government offered them to participate in a new labour market measure called 'Job and Development Guarantee'[26]. This new scheme replaced the 'Activity Guarantee', while participants still received the allowance 'activity support'. However, in contrast to the former rules the replacement rate of the 'activity support' was only 65 per cent with a benefit ceiling of max 680 SEK per day as in the case of unemployment benefits (AMS 2008).

(b) Monitoring and Sanctions

In their reading of the empirical literature on job search FREDRIKSSON and HOLMLUND see the conclusion confirmed "that monitoring matters for search behaviour and that more stringent search requirements [occupational and geographical mobility, attendance of a job-search workshop etc.] is likely to speed up transitions to employment"[27] (Fredriksson and Holmlund 2003:25). Beyond that, however, they support the conclusion that sanctioning can as well have quite "substantial behavioural effects" (Ibid). For those who try to find the right balance

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within which all regular labour market measures can be used. The participant is supposed to be engaged in job search, a labour market programme or in studies. The activities are supposed to be full time" (Forslund, Froberg, and Lindqvist 2004:7). This programme soon became a very important instrument to activate Swedish long-term unemployed since "[i]n April 2002 38.000 persons or 40% of all long-term unemployed were participating in that programme" (Timonen 2003a:44).

25 'Aktivitetsstöd' or 'activity support' is the name given to the compensation that an unemployed person receives during their participation in a labour market programme.

26 A job-seeker qualifies for the Job and Development Guarantee (Jobb- och utvecklingsgaranti) if he or she received unemployment benefits for 300 days and is still unemployed. The programme is divided into three phases. While the first one focuses on the survey of the job-seeker's needs and requirements as well as their job search activities, the second phase is arranged for those who need further help by vocational training etc. The third phase begins if the job-seeker has not managed to find a job even after 450 days. Then he or she will be occupied full-time and has to serve the public good (AMS 2008).

27 "The empirical evidence is not wholly conclusive, however; as some studies seem to suggest that increased monitoring has little or no effect on search behaviour" (Fredriksson and Holmlund 2003:25).

between both instruments the authors recommend: “The more costly monitoring is, the less should be spent on monitoring activities and the larger should the sanction be” (Fredriksson and Holmlund 2003:25).

In Sweden, the payment of unemployment benefits has already been combined during the whole research period with the requirement that all benefit recipients should actively seek employment and be prepared to take up suitable jobs or attend appropriate labour-market policy programmes. Nevertheless, some reforms were deemed to be necessary as will be shown in the following. With the 5th of February 2001 the Social Democrats introduced some changes concerning the collaboration of the Public Employment Services and the jobseekers. As regards ‘search requirements’ for example, the reform implied that a jobseeker could restrict the job search to his or her trained profession and the *local* labour market during the first 20 weeks (100 days) of unemployment (Bennmarker et al. 2005:9). Thereafter, however, the jobseeker had to be prepared to expand the search areas in the sense that he or she should be ready to take up any reasonable job anywhere in Sweden (Lundgren, 2006, p. 1). Furthermore, the reforms in February 2001 codified the development of an ‘action plan’ (*handlingsplan*) as a basic condition which had to be fulfilled in order to be eligible for unemployment benefits. The action plan, established by the jobseeker together with the Public Employment Service, should identify both the rights and duties of the jobseeker, including the required search activities as regards his or her occupational and geographical mobility (SO 2006). Apart from that the action plan should highlight the kinds of job and active labour market measures which were considered as being suitable and appropriate and should even point out which consequences the jobseeker had to face in case of dismissing such offers (Ibid). According to the reforms in 2001 the action plan had to be developed within the first three months of unemployment (Ibid). The rules for sanctioning those unemployed who did not actively search a job were changed in 2001, too. As BENNMARKER ET AL. point out the previous system entailed rather harsh punishments for such failures, like for example the complete withdrawal of benefits, while the new system was characterised by “milder sanctions” (Bennmarker et al. 2005:10), or an “escalating system” of sanctions as LUNDGREN (2006) calls it. In cases where the jobseeker did not meet with the activity demands or refused an offer of suitable work or a labour market measure respectively the benefit level could be reduced at first by 25 percent for 40 days and then by 50 percent for another 40 days; after the third occasion in the same benefit period, the right to benefit ceased (Svensk

författningssamling 2001). The idea behind these new rules was that sanctions could be enforced more frequently and systematically (Bennmarker et al., 2005, Fredriksson and Holmlund, 2003) and that the control of the jobseekers by the staff of the Public Employment Service was facilitated (Lundgren 2006).

In July 2007 the rule described above, namely that jobseekers could restrict their job search to their occupation and the local labour market during the first 100 days of unemployment, was abolished by the new centre-right government (SO 2007c). The new government even passed a reform that became effective at the 1st January 2008 and that envisaged the so-called action plan to be developed within the first 30 days of unemployment instead of the first three months (Svensk författningssamling 2008). The sanctioning system which had been introduced by the Social Democrats in 2001 was left intact, but only as far as unemployed persons older than 24 were concerned. The new rules which were introduced for young unemployed between 16 and 24 will be depicted in the following.

(c) ALMP as workfare/'trainingfare'

In consistence with the existing literature FREDRIKSSON and HOLMLUND assume that ALMP as workfare[28] or 'trainingfare' – which means the requirement to participate in a labour market program in exchange for benefits – "puts a price on individuals' time" (Fredriksson and Holmlund 2003:28). It means that those who put a high value on their leisure time are expected not to claim benefits anymore, while those who are really in need would remain in the benefit system (Ibid). In addition, FREDRIKSSON and HOLMLUND refer to empirical work other than their own, which has suggested that "the threat of training may be more effective than training itself, a result indicating that workfare or 'trainingfare' may well be used as a means to speed up job finding" (Fredriksson and Holmlund 2003:30).

[28] Some conceptual remarks shall and need to be given in this context as it is important to distinguish between workfare and active labour market policies. Workfare in its original sense "has direct links to means-tested assistance" (Harrysson and Petersson 2004:89) and is essentially about "policies tied to the lowest tier of public income support" (Lodemel and Trickey 2001). By contrast, "[a]ctive labour market measures such as vocational education and financial support for job seekers to move location are not connected to the moral base of a means-tested social assistance system. Rather they have been connected to a 'work-for-all-strategy' aimed at full employment and with entitled compensation close to market wages" (Harrysson and Petersson 2004:89). Nevertheless, as suggested by FREDRIKSSON and HOLMLUND, I will use the term workfare not only in the context of the social assistance system but as well in conjunction with the unemployment insurance system and active labour market measures. In doing so the term 'ALMP as workfare', or 'trainingfare' as others have called it, refers to "the idea that active labour market policies can be used to test the willingness to work" (Fredriksson and Holmlund 2003:30).

In the Swedish unemployment insurance system one can find several aspects of ALMP as workfare and trainingfare respectively. The previous chapter already illustrated that those who received unemployment benefits and rejected an appropriate job offer or labour market programme without having a good reason had their benefits reduced for about 40 days. At the first rejection the reduction amounted to 25 per cent, at the second time to 50 per cent and at the third time the benefit payment was stopped completely until the unemployed had fulfilled the working condition again (Svensk författningssamling 2001). This 'escalating system' of sanctions was not transferred, however, to the new rules valid for young unemployed persons between 16–24 years old. For this age group the Swedish centre-right government introduced the so-called 'Job Guarantee for Young People' (Jobbgaranti för ungdomar) in December 2007. Due to the fact that this labour market programme was made obligatory, the benefit payments stopped immediately if a young unemployed refused to participate (Svensk författningssamling 2007:3). The 'Job Guarantee for Young People' was activated once a young person applied unsuccessfully for jobs longer than three months and was to provide at start intensified support for these young people in their search for work (Ibid, p. 2). Step by step, the programme included increased efforts to place them in an adequate job, such as a work experience placement or further education (Ibid). Beyond the threat of withdrawing all benefit payments in the case of non-participation, the new 'Job Guarantee for Young People' was characterised by a declining replacement rate. In detail the rules were designed as follows (Försäkringskassa 2007:2):

- Day 1–100 the replacement rate is 80 per cent[29]
- Day 101–200 the replacement rate is 70 per cent
- After day 200 the replacement rate is 65 per cent

[29] In 2007/08 those who participated in the 'Job Guarantee for Young People' and fulfilled the conditions for obtaining income-related benefits from the unemployment insurance fund (arbetslöshetskassa and a-kassa respectively) received the allowance 'activity support' instead of unemployment benefits (Försäkringskassa 2007:1). The same applied to those young people that were under the age of 18. Usually, the amount of activity support at that time was equal to the daily allowance paid in form of unemployment benefits and ranged between min 320 SEK and max 680 SEK per day (Ibid). For those who were between the age of 18 and 24 and did not fulfil the conditions for obtaining income-related benefits from the unemployment insurance fund the allowance 'utvecklingsersättning' was paid. However, the amount of this benefit was much lower than the one of the 'activity support' and ranged between min 48 SEK and max 129 SEK per day (Ibid).

For parents with children under the age of 18 the rules were designed as follows:

- Day 1–200 the replacement rate is 80 per cent
- Day 201–300 the replacement rate is 70 per cent
- After day 300 the replacement rate is 65 per cent

Altogether it has to be stated that the 'Job Guarantee for Young People'[30] introduced a special treatment of younger persons in the unemployment insurance system with the most striking innovation being that persons between 16 and 24 received benefits that come up to 80 per cent of their previous income only half as long as persons being older than 24 years old (only 100 instead of 200 days). Beyond that the 'Job Guarantee for Young People' has been based considerably on 'threat effects', as for example unemployed persons *over* 24 were not confronted with a complete benefit withdrawal in the case of non-participation in a labour market programme.

4.1.2 Social Assistance (Ekonomiskt bistånd, formerly socialbidrag)

4.1.2.1 General characteristics

Social assistance in Sweden is administered by the local communities. While the government assigns every year a fixed amount of social assistance for basic living costs, which comprises for example the costs for food, clothes and shoes, leisure time, newspaper, telephone etc. (riksnorm, socialbidragsnorm), the municipality has the discretion to decide on all other forms of assistance like the renewal of furniture, dental care, treatment costs etc. (Socialstyrelsen 2006:5pp). The qualification for social assistance relies on tests of individual means and is based on the obligation to exhaust all other means of support. This means that social assistance is a last resort and will only be accorded if a person has no other possibility to make a living (Ibid, p. 3).

Just as the unemployment insurance system the social assistance scheme was significantly influenced by the severe economic recession that Sweden had to face during the 1990s. A clear picture in this context is given by the SOU report 'Välfärd och försörjning' which states that the share of people who received social assistance over the course of the year increased

[30] The 'Job Guarantee for Young people' displaced the active labour market programmes 'Municipal Youth Programme' (18–19) and 'Youth Guarantee' (20–24) (Regeringskansliet 2008:21). However, compared to the new 'Job Guarantee for Young people' these former ALMPs for young unemployed did not comprise a gradual downgrading of benefit levels as a way of improving work incentives.

with about 40 percent between 1990 and 1997 (SOU 2000:132). Overall the rise was from 6 percent in 1990 to 8,5 percent (circa 750 000 persons) in 1997 (Ibid). The average benefit duration increased from approximately 4 months in 1990 to circa 5,5 months in 1998 and the total costs of social assistance for the Swedish state were rising from about 6 billion SEK in 1990 (in prices of 1998) to 11,4 billion SEK in 1998, with a maximum of 12,4 billion SEK in 1997 (SOU 2000:132pp). As these figures speak for themselves one doesn't need a lot of imagination to conclude that Sweden's government by some means or other, and independently of any European recommendation, would aim at reducing this financial burden. Improving work incentives is one possibility in this context and it shall be analysed in the following chapter to what extent Swedish policies relied on this instrument in order to reform the social assistance schemes since the late 1990s.

4.1.2.2 Tightening work requirements

One possibility to improve work incentives in social assistance schemes is to tighten the work requirements as argued by TIMOTHY BESLEY and STEPHEN COATE (1992). Already in 1992 they published an article to discuss how activation demands can create incentives for benefit recipients to take up employment instead of relying on social assistance. BESLEY and COATE analyse two distinct incentive arguments in this context:

- The 'screening argument', which is based on the motivation to support the truly needy, assumes "that work requirements may serve as a means of targeting transfers" (Besley and Coate 1992:249). As it is typically quite costly for governments to ascertain that a particular individual is really in need of social assistance, BESLEY AND COATE suppose that it may be better to specify certain conditions for these benefits so that "only the truly needy present themselves" (Ibid). In their eyes especially work requirements could serve this purpose.

- The 'deterrent argument' focuses on the origins of poverty and assumes that work requirements "may serve as a device to encourage poverty-reducing investments" (Besley and Coate 1992:249). Based on the assumption that extensive welfare programmes can reduce a benefit recipient's efforts to further train and educate themselves, it is argued that poor relief must not be considered as a rewarding option

and shall be designed in a way which makes it less 'attractive' than pursuing options to gain something through one's own efforts (Ibid, p. 250).

The tightening of work requirements in Sweden has been made explicit in 1998 when several changes in the Swedish Social Service Act were introduced at the 1st of January. Above all, the responsibility to fend for oneself as long as possible was clarified and the social services obtained new options to make demands (Milton 2006). Above all, the participation in municipal work or training projects was made obligatory for those who were not older than 24 years and those who exceeded this age but were in need of further support (Giertz, 2004, p. 35). Generally spoken this meant that "[i]f a recipient does not find work or another alternative as education relatively fast, (s)he can routinely be diagnosed as in need of competence increasing measures" (Giertz 2004:36). And if these proposed measures are dismissed by the benefit recipient without cause the grant of social assistance can be reduced or, as a last resort, be denied (Ibid). Yet, as GIERTZ points out, the municipality is not forced to provide such competence increasing measures. An individual can therefore be expected to participate in activating measures while he or she has no right to claim such participation (Ibid, p. 36). Altogether it appears therefore reasonable to conclude with HARRYSSON and PETERSSON that the described policy developments certainly constituted a "new activation policy in the Swedish policy regime" (Harrysson and Petersson 2004:89) and clearly introduced certain 'workfare elements' in the social assistance scheme (Kildal 2001:10).

4.1.2.3 Improving financial incentives

According to the argument inherent in the 'unemployment trap theorem' people accept a job if they expect that a participation in the labour market has significant advantages over the mere reception of benefits (Vobruba 2004:66). Therefore negative effects primarily emerge when there is no significant difference between the benefit level in the social assistance scheme and the income earned from a regular job (Ibid). This holds true especially for the poor and unskilled since their earned income is usually not much higher than social assistance payments (Ibid). Therewith, the probability that they will remain dependent on social assistance instead of taking up regular employment is quite high (Ibid), even though it should be noted that there are no clear empirical findings on the actual role that economic incentives or marginal effects can play in the context of bringing social assistance recipients into work

(Socialstyrelsen 2007:10). Available studies show that the receipt of social assistance rather depends on a combination of structural and individual factors. For example, the situation on the labour market, the access to the social insurance system or the personal educational background can be decisive in this regard (Ibid). Improving financial incentives in the social assistance scheme is thus only one possibility to decrease welfare dependency, but it is certainly a prominent one.

Income supplementation

When discussing the possibilities of income supplementation in the Swedish social assistance scheme one has to be aware of the following: As already stated, the Swedish government stipulates a so-called 'riksnorm' which constitutes the expected basic living costs of a household. The assessment of these costs is based on the latest investigation of prices and consumption habits (SOU 2007:19). Now, in order to be eligible for social assistance a household's income which is considered for the benefit calculation needs to be *lower* than the 'riksnorm'. As a consequence the marginal effect of social assistance in Sweden is 100 percent (Ibid, p. 31). This means that those benefit recipients who decide to work for low and occasional earnings might certainly increase their income, but only to a level where they are still entitled to social assistance. If this is the case they will of course not have more money at their disposal despite the work they took up and often only a quite well paid full-time job can change this circumstance. This status described shall not hide the fact, however, that during the research period there were ongoing discussions in Sweden to change this situation. The report 'Från socialbidrag till arbete' for example, which was published in 2007 and had been commissioned by the Swedish government, suggested measures that should alleviate the transition from social assistance to gainful employment. One suggestion in the context of income supplementation was to introduce a new incentive called 'förvärvsstimulans'. Designed for persons who received social assistance during a period of six months and then increased their income by (a) getting a job, (b) extending their working hours or (c) changing their job, the 'förvärvsstimulans' aimed at allowing the social services to disregard this increased income when calculating if a person was entitled to social assistance (SOU 2007:31). The maximum amount to be disregarded should be 1500 SEK per month and it should be disregarded during six months (Ibid). Yet, the 'förvärvsstimulans' remained a suggestion so far and has not been translated into a new legal regulation. The major counter-

argument was that the 'förvärvsstimulans' would send a wrong signal, namely that it's worth receiving social assistance for six months before taking up employment.

Reducing the tax burden for low- and medium income earners

Another measure to improve work incentives for social assistance recipients is the reduction of tax burdens for low- and medium income earners. Since the millennium shift the Social Democrats and the centre-right government have used this option as will be shown in the following. Awaiting a more comprehensive reform of the Swedish income tax system the Socialdemocratic government introduced in 1999 a temporary tax reduction for low-and medium income earners (Skatteverket 1999:46). The tax reduction was granted for employees who were subject to social insurance contributions, meaning that especially those in an *active* age were relieved from tax payments (Ibid). The reduction comprised 1.320 SEK per annum at the most (110 SEK per month) and was gradually cut down once the annual income exceeded 135.000 SEK; it was completely cut off when the annual income exceeded 245.000 SEK (Ibid). Yet, the temporary tax reduction was abolished again in 2003 when the government decided instead to raise the personal allowance (grundavdrag) and therewith the income limits at which low- and medium income earners actually start to pay income tax. In addition to the significant increase of the personal allowance as such the Socialdemocratic government introduced as well higher personal allowances for low- and medium income earners compared to high-income earners.

Table 3: Development of Swedish personal allowances (grundavdrag) from 2002 to 2006

Income year	**2002**	**2003**	**2004**	**2005**	**2006**
Lowest personal allowance (from 2003: lowest personal allowance for low- and medium incomes)	**11 200**	**16 400**	**16 700**	**16 700**	**16 800**
Highest personal allowance (from 2003: highest personal allowance for low – and medium incomes)	**20 900**	**25 900**	**26 400**	**28 800**	**30 600**
Personal allowance for an income of 294.200 SEK per year and more[31]		**11 400**	**11 600**	**11 600**	**11 700**

Source: (Skatteverket, 2005). The figures of the year 2006 have been added to the table and were taken from (Skatteverket, 2006).

The table above shows that personal allowances were continuously increased even after the year 2003. The reason for this development was that the reduction of income taxes has been part of a so-called 'gröna skatteväxling' which was introduced by the Socialdemocratic government in the year 2000/01. The 'gröna skatteväxling' was a tax reform planned to be completed in 2010 which aimed, generally speaking, at the shift of 30 billion SEK from taxes on work to taxes on environment[32] (Tiefensee 2007). As already indicated, the tax reductions on work have by the majority been implemented in the form of heightened personal allowances (Ibid). But while the overall aim of relieving low- and medium income earners from the income tax burden has been widely supported in Sweden, it was the practical design of personal allowances that gave reason to criticise the Socialdemocratic government in those days.

31 The table reflects the situation in 2005. Overall, the line that is drawn to determine the lowest personal allowance in the higher income bracket has developed as follows: 264 300 SEK in 2003, 269 200 SEK in 2004, 294 200 SEK in 2005 and 312 200 SEK in 2006 (Skatteverket 2005).

32 Due to the fact that the Socialdemocratic government had to resign in 2006 the aim of exchanging 30 billion SEK has not been reached. It was guessed, however, that approximately 17 billion SEK had been exchanged between higher environmental taxes and lower taxes on work until 2006 (Tiefensee 2007).

Table 4: The composition of Swedish personal allowances (grundavdrag) in 2006 (the table is based on TCO, 2006)

Income per month	**Personal allowance per annum**
3 900 SEK – 8 900 SEK	Minimum personal allowance (16.800 SEK) + 20% of additionally earned income
8 900 SEK – 10 350 SEK	Maximum personal allowance: 30 600 SEK
10 350 SEK – 24 500 SEK	Maximum personal allowance (30.600 SEK) - 10% of additionally earned income (until the minimum allowance of 16.800 SEK was reached again)
more than 24 500 SEK	11 700 SEK

In 2006, as for example the trade union TCO (Tjänstemännes Centralorganisation) mentions, the personal allowance for employees with an income between 3 900 SEK and 8 900 SEK per month was *heightened* with 20 percent of additionally earned income and then reached the maximum of 30 600 SEK per annum for employees with an income between 8 900 SEK and 10 350 SEK per month (TCO 2006:3). The personal allowance was *downsized* again with 10 percent of additionally earned income for those with an income between 10 350 and 24 500 SEK per month; thereafter the personal allowances remained at their lowest level of 11 700 SEK per annum (Ibid). The major intention behind this design of personal allowances was to reduce the so-called marginal taxes[33] for low- and medium income earners and therewith to facilitate the transition from part-time employment to full-time employment. According to the TCO the design of personal allowances as described above resulted in such a *falling* marginal tax rate when personal allowances were heightened (3 900 SEK – 8 900 SEK income per month) and in an *increasing* marginal tax rate when personal allowances were downsized again (10 350 SEK – 24 500 SEK income per month). The problem according to the TCO was, however, that only 8 percent of part-time working employees had been situated in the income-bracket where the marginal tax rate fell and where to 'work more' thus became

[33] The marginal tax rate identifies the amount of tax paid on the last Swedish crown of income and a marginal tax of 80 percent thus means that an employee has to pay 80 SEK tax on the last 100 SEK that he or she earns. "If the marginal tax on each additional hour of paid work is increased, work will be less attractive compared to other activities such as leisure or home production" (Bradbury 1999:16).

attractive, while 76 percent of the part-time working employees (part-time work understood as 50 per cent – 80 per cent of a full-time job) could be found in the income-bracket where the marginal tax rate was increased and where to 'work more' became rather unattractive (TCO 2006:3). In quite concrete terms the TCO indicated that for those with an income between 10 350 SEK and 24 500 SEK per annum the marginal tax rate increased for about 3 percent (Ibid). So, the practical design of personal allowances was rather problematic as regards the aim of facilitating the transition from part-time employment to full-time employment and as regards the attempt of offering the corresponding work incentives via the taxation of income.
When the centre-right government came to power at the end of 2006 it was announced that the 'gröna skatteväxling' would be stopped. They launched a new project in order to make work pay and introduced the so-called Employment Tax Deduction (Jobbskatteavdraget) in January 2007. The Employment Tax Deduction (ETD) can principally be understood as a further significant increase of the personal allowance (grundavdrag) described above. It is individually based and as all working individuals are eligible the ETD applies only to *earned income* (Budgetpropositionen 2007:137). The tax deduction is granted as a reduction of the municipal income tax and the ETD is constructed in a way that, proportional to their income, low- and medium-income earners receive higher tax deductions than high-income earners (Ibid). Expressed in terms of tax rates the ETD, when introduced in 2007, implicated the following (Konjunkturinstitutet 2006):

(a) A lower average tax rate (circa 1,5 percent) for *all* employees, with the average tax rate being the total taxes paid as a percentage of total income earned.
(b) A lower marginal tax rate for about *half* of the employees, with the marginal tax rate being the amount of tax paid on the last Swedish crown of income.

In the Swedish 'Budgetproposition' 2007 it was estimated that the marginal tax rate would fall significantly for individuals with very low income and with circa 3 percentage points for incomes between 100.000 and 300.000 SEK per annum (Budgetpropositionen 2007:137). Several authors thus pointed out that the ETD clearly boosts the likelihood of working, especially for those being unemployed (Lundgren et al., 2008), (Fredriksson, 2008). The concrete design and development of the ETD in the years 2007/2008 is illustrated in the table below:

Table 5: Swedish Income Tax and 'Employment Tax Deduction' according to the rules valid in 2007 and according to the proposal of an increased 'Employment Tax Deduction' for 2008. Source: Finansdepartmentet, 2007, p. 31.

Annual income	Tax without ETD	ETD 2007	Increased ETD 2008	ETD in total	Total ETD in percent of income
100 000	22 337	5 232	1 236	6 468	6,5
150 000	38 112	5 925	1 642	7 567	5,0
200 000	55 464	7 502	2 163	9 665	4,8
250 000	72 817	9 080	2 683	11 763	4,7
300 000	90 169	10 657	3 051	13 708	4,6
350 000	108 819	11 351	3 051	14 402	4,1
400 000	134 594	11 351	3 051	14 402	3,6
500 000	186 144	11 351	3 051	14 402	2,9

Source: Finansdepartmentet 2007, 31.

The indicated tax reductions are valid for persons whose complete income is based on work and who are under 65 years old. For the calculations the average municipal income tax rate of 2007 (31,55 percent) has been used (Finansdepartementet, 2007, p. 31). The monetary unit used in the table above is Swedish crowns.

Since 2008 the ETD has been increased in two further steps (2009, 2010) with a fifth heightening of the ETD being discussed but not implemented yet. As regards the actual effects of the ETD, however, there seems to be no clear picture. In a recent report the Swedish IFAU (Institute for Labour Market Policy Evaluation) has for example found that no definite conclusions can be drawn as regards the employment effects of the ETD, since it is simply not possible to evaluate what would have happened without the introduction of the ETD (Edmark et al. 2012).

4.1.3 Paid parental leave system and childcare subsidies

In the context of 'reconciling work and family' Sweden does certainly constitute the European benchmark. Nevertheless, I want to examine if the introduction of more work incentives can be identified even in this policy field. Whether any policy reforms of paid parental leave and

childcare subsidies have been introduced to further boost female employment shall thus be illustrated in the following.

4.1.3.1 The paid parental leave system

Especially women's labour supply is highly affected by the way parental leave systems are designed. For example, "increased generosity in paid parental leave should reduce women's investment in a more market oriented career. This is because there is a direct negative effect on market investment when the payments for family time increase" (Kolm and Lazear 2010:68). According to my research interest the question to be answered is therefore, if Sweden has introduced some policy reforms since the late 1990s that aimed at the introduction of more work incentives by for example shortening 'family time' or decreasing the financial support during parental leave. This is not to say that the EU discourse would claim such a development but it shall nevertheless be analysed if the improvement of work incentives is pursued even in this context.

Background

In 2007 parents in Sweden had the legal right to take parental leave for up to 16 months. The benefit to be awarded during parental leave is called 'föräldrapenningen' and it was payable for about 480 days (Regeringskansliet 2007:1). There are three different levels of parental benefit, however. The first one is the 'sickness benefit level' which is "based on the parents' income qualifying for sickness benefits ['sjukpenninggrundande inkomst' (SGI)]" (Försäkringskassa 2012:2). In 2007 this kind of benefit was paid for the first 390 days and the benefit level corresponded to approximately 80 percent of the parents' previous income up to an income ceiling (Regeringskansliet, 2007, p. 1). In order to calculate how much parental benefit will actually be paid, the Swedish authorities take the so-called 'sjukpenninggrundande inkomst' (SGI) as the basis. The SGI is the estimated yearly income and if the parent is an employee it is usually the monthly income multiplied with twelve (Försäkringskassa 2008a:4). The SGI has an income ceiling, however, which is defined by the so-called 'price base amount'. This price base amount is adjusted every year and is used "to ensure that various benefits do not decline in value because of an increase in the general price level (inflation)" (Kolm and Lazear 2010:65). During the first 390 days the 'income ceiling' in the paid parental leave system, or to put it differently, the maximum salary on which

benefits are payable, is ten price base amounts (Regeringskansliet 2007:1). With the price base amount being 42 800 SEK in 2009 the maximum parental benefit paid during one year was therefore 428 000 SEK. This corresponded to a daily parental benefit of 910 SEK at the most (Försäkringskassa 2008a:4).

The second level of parental benefit was designed for parents who fall under the category low-income earners or who do not receive any income at all (Regeringskansliet, 2007, p. 1). Comparable to the 'sickness benefit level' in 2007 these parents received their benefits for the first 390 days calculated at a basic level (grundnivå) of 180 SEK per day (Ibid). After the 390 days of parental benefit at 'sickness benefit level' or 'basic level' Swedish parents have the possibility to receive the parental benefit for another 90 days on the minimum benefit level (lägstanivå); in 2007, the corresponding payment was 180 SEK per day for everyone (Ibid). Until the child turns eight years old parents "have the legal right to reduce their working time to 75 percent of what is a normal work week at the workplace […]" (Kolm and Lazear 2010:64). Already in 1995, a so-called daddy-month, was introduced. This meant that "at least one month had to be used by the father, or it could not be used by either of the parents" (Ibid, p. 66).

Development since the late 1990s

In 2002, a second father quota was introduced into the Swedish paid parental leave system. Since then *two* months of paid parental leave were reserved for each parent and the total days of paid parental leave for the family thus increased by 30 days (from 450 to 480 days in total). In practice "this implied that an extra month available only for fathers was added to the existing paid parental leave scheme" (Kolm and Lazear 2010:66). In January 2003 the basic benefit level (grundnivå) was raised from 120 SEK to 150 SEK per day with a second heightening from 150 SEK to 180 SEK per day one year later (Försäkringskassa 2002). The income ceiling of ten price base amounts in the paid parental leave system is the result of a reform which was accomplished by the Social Democrats in July 2006. It heightened the ceiling from 7,5 price base amounts to ten price base amounts as mentioned (Regeringskansliet 2004:1). Expressed in SEK this meant that the ceiling was heightened from about 24 000 SEK to about 32 000 SEK, so that parents with a monthly income up to 32 000 SEK could now receive 80 per cent of their income while being on parental leave (Ibid). In addition the benefit payments during the last 90 days on the lowest benefit level (lägstanivå) were heightened from 60 SEK per day to 180 SEK per day; the increase applied

to all children who were born after the 30th of June 2006 (Ibid). Then, at the first of January 2007, the new centre-right government partially took back the heightening of the income ceiling in the paid parental leave system. While the 'normal' parental benefit (föräldrapenningen) was excluded from the reductions so that the income ceiling remained here at 10 price base amounts (Larsson 2008), the ceiling was reduced to 7,5 price base amounts in the case of benefits paid during the pregnancy (havandeskapspenning) and in the case of temporary parental benefits (tillfällig föräldrapenning) (Larsson 2008). In the first case women can receive financial support for a certain period if they are pregnant and not able to work (Försäkringskassa 2008b) and in the second case parents receive temporary financial support (up to 120 days per year) if they have to take care for their sick child (Försäkringskassa 2011). In addition, the centre-right government even reduced the so called 'sjukpenninggrundande inkomst' (SGI) for all those taking paid parental leave from 80 per cent to 78,6 per cent at the first of January 2007 and further to 77,6 per cent at the first of January 2008 (Ibid). Overall this meant that the centre-right government shortened the benefit payments in the paid parental leave system by about 1,1 billion SEK per year (Ibid).

Moreover, a new measure was introduced which aimed at furthering equal opportunities in the context of the paid parental leave system. The so called 'Jämställdhetsbonus' exists since the first of July 2008 and its size depends on the way parents share their time of parental leave. The parent who has stayed at home for the longer period of the paid parental leave – in 2007 these were the women with 80 per cent of the benefit period (Larsson 2008) – receives the 'Jämställdhetsbonus' if he or she goes back to work while the partner takes care of the child (Försäkringskassa 2008c:1). The bonus is paid with retrospective effect and it is paid as a tax reduction; it is applied if the child is born after the 30th of June 2008 (Ibid). Of the 390 days for which parents can receive their benefits on 'sjukpenningnivå', 60 days are reserved for the father or the mother respectively. During these 120 days the 'Jämställdhetsbonus' cannot be received. Accordingly, there are 270 days left which allow for the bonus, with the maximum amount being paid if the parents share this time equally and stay at home with the child for 135 days each (Försäkringskassa 2008c:1). In 2008 the maximum amount that could be received per day was 100 SEK[34] and due to the fact that the bonus was paid for 135 days at most the total amount of the 'Jämställdhetsbonus' added up to 13.500 SEK (Ibid).

[34] The maximum amount is only received if the daily income adds up to at least 200 SEK which corresponds to about 6000 SEK a month (Försäkringskassa 2008c:1).

4.1.3.2 Childcare subsidies

Childcare subsidies, like reduced childcare fees, have according to BRINK ET AL. "in many cases been found to be a good way to promote especially female labour supply, both in terms of labour force participation and hours worked" (Brink, Nordblom, and Wahlberg 2007:1). If policy reforms of this kind have been introduced in Sweden shall be illustrated in the following.

Before the year 2002 Swedish childcare fees were based on both the income that parents had at their disposal and the overall time that their child spent in day care.[35] This meant that "longer working hours as well as a better paid job resulted in increased fees" (Brink et al. 2007:3). However, in order to better support young families and to increase their labour supply a new fee structure was introduced in 2002 (Ibid, p. 4). It was decided that the new maximum fee (maxtaxa) remains based on family income but only up to a ceiling above which the fee is kept constant (Ibid). In more concrete terms the reform established that the fee was three percent of gross family income for the first child, two percent of gross family income for the second child and one percent for the third child (Ibid). Yet, as the ceiling for the childcare fee was set at a rather low level (38 000 SEK respectively 4 222 Euro per month in 2002), the new rule meant that most Swedish families paid the monthly maximum amount SEK 1140 (EUR 127) for the first child in childcare and then 760 SEK for the second and 380 for the third one[36] (Ibid). So, above all, as BRINK ET AL. point out, "child care fees have generally decreased" and "[n]early all families gained from the introduction of the maximum fee"[37] (Brink et al. 2007:4). Beyond that, however, the new fee structure had a significant effect for the so-called marginal fee[38] which significantly decreased for most of the Swedish families (Ibid, p. 5). As the overall time that children spent in day-care was usually not taken anymore as a basis for calculating the childcare fees and since a lot of parents could reach the rather low ceiling that was stipulated, an extension of parental working hours did in most of the cases not result in any extra fees for childcare anymore (Brink et al. 2007:5). What has to

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35 Before the reform in 2002 Swedish childcare fees varied widely since they "were completely set by the municipalities" (Brink et al., 2007, p. 3). Even after the reform "variations in fee design still exist" but according to BRINK ET AL. they "have become considerably smaller and within the scope of the *maximum fee* reform" (Ibid, p. 4).

36 From the first of January 2004 the maximum amount that parents have to pay monthly for childcare was raised to 1260 SEK for the first child, 840 SEK for the second child and 420 SEK for the third child (Skolverket 2005).

37 Nevertheless, as Brink et al. point out: "In terms of disposable income, two-parent households gain more from the maximum fee reform than do single mothers, and high-income households gain more than low-income ones" (Brink et al., 2007, p. 20).

38 The marginal fee is "the fee increase of an additional hour of child care" (Brink et al., 2007, p. 5).

be marked, however, is the fact that despite the political intention of a better reconciliation of work and family a recent evaluation of the Swedish childcare fee reform showed that the new rules did not have a significant effect on work hours and labour supply (Lundin, Mörk, and Öckert 2007:34). LUNDIN ET AL. interpret this result as dependent of the 'institutional setting' (Ibid, p. 49). As they argue: "In countries with a well-developed and highly subsidized child care system, further reductions in the price of child care have small effects on both female and male labour supply" (Ibid).

4.2 Party political discourses

During the research period between 1998 and 2008 there have been three parliamentary elections in Sweden. The results have been as follows:

Table 6: Parliamentary election results in Sweden between 1998 and 2008

		1998	**2002**	**2006**
Social Democratic Party	(Socialdemokraterna)	36,4%	39,9%	35,0%
Moderate Party	(Moderata samlingspartiet)	22,9%	15,3%	26,2%
Liberal People's Party	(Folkpartiet liberalerna)	4,7%	13,4%	7,5%
Christian Democratic Party	(Kristdemokratiska samhällspartiet)	11,8%	9,1%	6,6%
Left Party	(Vänsterpartiet)	12,0%	8,4%	5,8%
Centre Party	(Centre partiet)	5,1%	6,2%	7,9%
Green Party	(Miljöpartiet)	4,5%	4,6%	5,2%

Source: (electionresources.org 1998:18.02.2015)

In 1998 GÖRAN PERSSON was the Swedish Prime Minister and headed a social democratic minority government. To stay in power the support of another party was needed, and a corresponding agreement could be reached with the Left Party and the Green Party. Also in 2002 the Social Democrats were supported by these two other parties and were able to remain in office. After the parliamentary elections in 2006, however, there was a governmental change as the centre-right 'Alliance for Sweden' could achieve a narrow majority. Since then

Sweden has been governed by the Moderate Party (with FREDRIK REINFELDT being the Prime Minister), the Liberal People's Party, the Centre Party and the Christian Democratic Party.
Due to the party constellation and the distribution of votes described above, both the Social Democratic Party and the Moderate Party were chosen for the party-political discourse analysis that will be pursued in a following chapter. Both parties are representing by far the strongest part in their respective 'governmental alliance' and it can thus be assumed that their party-political discourse is most significant for the development of welfare policies in Sweden.

4.2.1 The Social Democratic Party (SDP)

The SDP governed Sweden from 1994 until 2006. When scrutinizing the most important party documents, such as party programme, guidelines, speeches etc., the following picture of the party's discourse towards the welfare state and particularly towards the relationship between labour market participation and social security benefits emerges.

4.2.1.1 Idea of man

In its 1998 manifesto the SDP claimed that the human being is at the centre of its political vision. The manifesto referred to the party's political conviction that human beings want (a) to learn and to educate themselves, that they (b) want to grow and develop, that they (c) are willing to bear responsibility for the next generations, and that they (d) show solidarity with others (SDP 1998:2). It is pointed out in nearly every party political guideline or programme, however, that human beings need to feel *secure* in order to 'dare to try their wings' (Persson 2002) and to seize their opportunities. Typical for this point of view is the following quote of the Swedish Prime Minister:

> "If people fear the future, they will not realize or see its potentials. A woman who is afraid that unemployment might spoil her economy will not be ready to leave work in order to pursue higher education or start an enterprise to develop a skill or invention. A man who fears the economic consequences of getting fired will not speak up and criticize management decisions or risk finding new methods or markets. A couple that doesn't feel secure on the labour market or does not trust the future will be reluctant to have children and create a family" (Persson 2004).

As JENNY ANDERSSON pointed out, the SDP insisted that there is "no change without security" and therefore linked individual security directly to "growth, productivity and competitive-

ness" (Andersson 2006b:451). The consequence of such a conceptualization is the well-known and widely promoted assumption of the Social Democrats "that the welfare state and a large public sector do not hamper growth but, on the contrary, [… create] the safety net that makes people dare to change" (Ibid).

4.2.1.2 Political vision for the welfare state

Generally spoken, the Social Democratic Party can be characterised as a party that emphasises "the welfare state's positive contribution to the economy" and that considers the welfare state as being beneficial for Swedish citizens (Nordlund 2005: 84). By creating security and equal conditions as well as incentives for work it is for example assumed that the welfare state is productive and helpful for both individual and societal development (SDP 2005c:3). Beyond that, the SDP aimed during the research period at designing the tax system in a way that lowered income gaps – higher-income earners should not be privileged but contribute to the solidly financing of welfare – and that allowed for welfare policies which comprise all citizens. The support by benefit systems should not be means-tested in the first line and any oversized private financing of central welfare services or benefit systems was disapproved (Ibid). This argumentation sounds quite common and not surprising at all for those who are familiar with the traditional characteristics of the social democratic welfare state. As ANDERSSON points out in this context, the key metaphor of the SDP during the last two decades has always been "safeguarding" rather than "renewal" and the overall message was that achievements of the past needed to be protected (Andersson 2006b:439). Typical in this regard was for example the reaction of a Swedish government official who was asked about the 'vision' that stood behind Swedish social democratic politics and frankly answered "that there was no vision" (Andersson 2006b:440p). Altogether, the SDP always seemed to derive their thoughts about the future from their historical experiences. In ANDERSSON's words "to the SDP, modernization is about seeing change through, while trying to accommodate the achievements of the past" (Jenny Andersson 2006b: 441). Apparently it was especially this kind of image which contributed to the fact that the SDP was not perceived as offering a convincing alternative to for example the conservative parties and their claim that benefit reductions would be an appropriate solution for contemporary challenges of the Swedish welfare state. As will be shown in a later chapter this circumstance played an essential role for the elections in 2006 which the SDP lost despite good economical conditions for the country.

4.2.1.3 Social security benefits – what shall they deliver?

As regards the overall design of social security benefits, the SDP stuck above all to the so-called 'income maintenance principle' (inkomstbortfallsprincipen) (SDP 2005c:3). This principle means that those who have been working long enough and qualified for the correspondent benefits shall, during times of sickness, unemployment or parental leave, be rewarded with benefit levels that cover their losses of earnings to the highest possible degree in the absence of work. The opposite of this arrangement is a system of basic financial security (grundtrygghetsmodellen), which usually supplies only the basic needs. However, at several occasions the SDP clearly dismissed such a system, which to the party's point of view would only enhance stigmatization and rifts in society as well as minimize the support for the social security system as such (SDP 2005c:3p). Likewise the SDP dismissed any kind of unconditional basic income (medborgarlön), which would be paid to every citizen even if he or she is not willing to work and irrespective of the person being rich or poor. The Swedish Green Party (Miljöpartiet) favoured such a model but the SDP made clear that this kind of proposal contradicts two fundamental principles of the Swedish welfare state: the 'income maintenance principle' and the 'work principle' (SDP, 2001a, p. 29p; Andersson and Kangas, 2005, p. 127). To link social security benefits with the work principle or work approach[39] was indeed a central concern of the SDP during the research period. Among other things this implied that Swedish citizens who were searching for a job should receive comprehensive help to either find one, or to re-educate themselves. They were expected, however, to take up a job even if it meant to work further away or to work in another sphere of competence (SDP 2004:35). Beyond that the SDP acknowledged that tax- and benefit systems might create marginal effects and thresholds which make it difficult for some people to take up a job or to extend their working hours. Therefore, corresponding stimulation and incentives have been announced at several occasions, especially for those in the low-income bracket (Ibid, p. 36).

Unemployment insurance

Since the late 1990s the SDP's party political discourse has been considerably affected by discussions regarding the benefit level of the unemployment insurance. Yet, in overall the

[39] Dropping et al. describe the work approach in the following way: "According to [the work approach], there should be a direct link between the social security system and labour market service, in the sense that it is an official task of the income maintenance scheme to maximize labour market participation. No person should be granted long-term public income support until all possibility of making the person self-sufficient through employment had been exhausted" (Drøpping et al. 1999: 135pp).

party did not occupy itself with the question of how and if unemployment benefits should be lowered in order to increase the labour supply of benefit recipients. On the contrary, the focus was clearly on the attempt to design the unemployment insurance in a way which would keep the benefit level intact and at the same time would increase the incentives for searching and taking up employment. The fact that the SDP dismissed any lowering of benefit levels is rooted in the party's conviction that a period of unemployment should not involve worries about one's economic situation or an explanation for the children that moving to a cheaper accommodation becomes necessary (SDP 2005b:4). The unemployed should instead be able to use all their time and energy to find a new job (Ibid). The party political guidelines from the year 2005 stated that some demands should certainly be made but that it is undeserving for a 'welfare society' if the whole economical burden of unemployment is laid on the individual who normally cannot control job cuts (Ibid, p. 5). The guidelines pointed out again that security is decisive for how well a person can cope with changes. Because security gives people the opportunity to see the positive and to get a hold on, it is assumed to be productive and to create development (Ibid). Another reason why the SDP dismissed any lowering of unemployment benefit levels was the conviction that the legitimacy of the welfare state depends not only on its solid funding but also the factor that everybody takes part in the economic security that the social protection system offers (SDP, 2005c, p. 5). In this regard the party pointed out that due to a good wage growth during the first years of the millennium more and more people had an income above the ceiling that applied to the unemployment benefits (Ibid). Accordingly, they did not even receive the 80 per cent of previous income which were nominally declared and had not been affected by the 'income maintenance principle' as intended (Ibid). With a continuing development like this the SDP expected as well a higher risk that the common social security system could increasingly be substituted by private insurances. As a consequence the party assumed, that equality and solidarity would decrease and those who could not afford expensive private insurances would feel less secure (Ibid).

In accordance with the arguments illustrated above the SDP stated at several occasions that it is its political will to *in*crease benefit levels in the unemployment insurance rather than *de*crease them. In 2001, for example, the party argued for a benefit level that should correspond to 90 per cent of any previous income and it was pointed out by the party leadership that concerning this matter no other stand would be taken (SDP 2001a:29). It was indicated, however, that – in general – the SDP favoured a heightening of the ceiling in the

unemployment insurance over an increase in the benefit level (Ibid). Thus, already in 2001 the main goal of the Social Democrats was to assure that most of the benefit recipients in the Unemployment Insurance indeed receive 80 per cent of their previous income, and this declaration of intent was repeated again by the SDP at its party congress in 2005 (SDP 2005a:65).

Social assistance

In the party political guidelines from 2001 it was stated that social assistance is a 'scheme of last resort', which means that it is only responsible for short-time emergency cases (SDP 2001b:12). The SDP recognized, however, that for quite a lot of people the system did not work in this way. Especially cases of families with children were mentioned as depending on social assistance nearly all year long (Ibid). However, addressing this problem the SDP only emphasised that welfare policies should be designed in such an efficient way that the demand for social assistance would be halved (Ibid, p. 13). The overall goal of halving the number of the recipients of social assistance until the year 2004 had already been established by the social democratic government in 1999. But this declaration was followed by almost no discussion as regards the design of social assistance as such, or the question if the link between work and social assistance needs to be essentially reassessed in one way or the other. On the contrary, as indicated above, it seemed that the party was assuming that the need for social assistance could be kept in check if only the primary insurances, like for example the Unemployment Insurance, worked properly. The list of possible changes which the SDP could imagine to introduce into the social assistance scheme was thus much shorter than the one which the party dismissed in the end. As regards the latter, the SDP's discourse was for example characterised by "a strong resistance to the introduction of subsidies for employers not paying sufficiently high wages" (Aust and Arriba 2004:31). Beyond that did the SDP not undertake any serious attempt to change the marginal effect of social assistance between 1998 and 2006, which was 100 percent during this time period. This meant that social assistance recipients who increased their low income to a level where they were still entitled to social assistance would not have more money at their disposal because for every Swedish crown earned the amount of social assistance would be correspondingly reduced; accordingly they were not encouraged to work for low or occasional earnings (Bergh 2006). The question if the benefit level of social assistance should be lowered in order to create better work incentives has neither been taken up by the SDP at all. The reason for dismissing the latter option has to

be seen particularly in the party's conviction that such a lowering of benefit levels would challenge the aim of achieving equality and social inclusion. As GÖRAN PERSSON noted in this regard: "We believe in our idea that people who feel secure are people who are prepared to take risks, that freedom requires equality and security is not a hindrance to development but is instead a precondition for it" (Persson 2007:7).

Reconciling work and family

The paid parental leave system differs from other social security benefits since it is the only insurance that aims at a high take-up and which is considered as something positive; to design the paid parental leave system according to the work approach is thus not an unproblematic issue as the government reported in 2005 (SOU 2005:68). As one way to reconcile parental benefits with the work approach, the report aims at high take-up rates while ensuring that this happens within a quite limited time period. Another possibility that is mentioned is to design the benefit system in a way that creates equal norms for labour market participation of men and women (Ibid, p. 69). During the research period the SDP argued in the line of these assumptions and stated in its party political guidelines of 2004 that the paid parental leave system should be revised in order to give more incentives for fathers to draw on these benefits (SDP, 2004, p. 40). The party aimed at reconsidering different models which tied a bigger part of the paid benefits to the respective parent and declared in addition that the ceiling of the paid parental leave system should be heightened (Ibid). In 2005 the SDP made clear again that an equal take-up of parental benefits was the party's goal and that the position of women on the labour market needed to be strengthened in order to reach this aim (SDP 2005b:16p). Some concrete proposals have been launched by a report that KARL-PETTER THORWALDSSON worked out on behalf of the social democratic government in September 2005. The most important suggestion was the so-called 5-5-5-system, which envisaged that 5 months of parental leave would be reserved for the mother, 5 months for the father and five months could be divided between both parents (SOU 2005:15). In overall this would imply 15 months parental leave with a benefit that should correspond to 80 per cent of the previous income according to the report (Ibid). Since in the year 2005 only 13 months at such a benefit level had been accorded to the parents with only 2 months being reserved for the mother and the father respectively, the intended reform was unambiguous to shorten the time of parental leave and was consistent with the SDP's declarations of the previous years. The SDP has also dismissed the necessity of heightened charges for childcare services and rejected the so-called

vårdnadsbidrag, which aimed at supporting parents who wish to take care of their child after the parental benefit expired (SDP 2005b:16).

4.2.2 The (New) Moderates

Before analysing the party political discourse of the Swedish Moderates as regards welfare modernization it is important to point out the following. Between the years 1998 and 2008, which is the relevant period for my research, the Moderate Party changed fundamentally as regards its ideological attitude. Now it stands for one of the most spectacular 'political revolutions' in Sweden as the party moved from the right side of the political spectrum to a clear position in the middle (DN 2007). As 'Dagens Nyheter', one of the biggest Swedish newspapers, subsumed, at the end of the 1990s the Moderates stood for demands like "lower taxes", "a tighter benefit system", "more influence for companies", "less influence for trade unions" and a "diminished role for the state and the municipalities" (Ibid). Yet, after a very clear defeaet in the elections of 2002, when the party received only 15.3 per cent, FREDRIK REINFELDT became the new party leader. Since 2003 he has continuously worked for rebuilding the Moderates and even renamed the party in 'New Moderates' during the year 2005. In contrast to their former political agenda the New Moderates now started to propose tax reductions especially for low- and medium income earners, they declared not to interfere too much in the social security system and they expressed their support for the Swedish labour market model with its collective agreements (Ibid). The 'new' economic and social policy of the Moderates thus aimed at employing as many citizens as possible and thereby making them independent of state aid, while at the same time offering a good protection for those being sick or unemployed (DN 2007).

4.2.2.1 Idea of man

In the focus of the (New) Moderates' idea of man stands the individual's ability to grow from one's own strength and fortitude as well as the will to take responsibility for oneself and the loved ones (Moderaterna 2007). The will to go forward is assumed to be a decisive driving force for any human: to learn and to develop, to offer one's children a better life than one's own (Moderaterna 2001). In addition, the party is convinced that everybody 'is able' and that no one should be considered as being weak forever. Weakness is not seen as an attribute that

is unchangeable but rather as a situation everybody can blunder into during his or her life course (Moderaterna 2007). Beyond that the New Moderates assume that everybody can grow and become good at something; not always compared to others but based on one's own prerequisites (Ibid).

In contrast to the Social Democrats the (New) Moderates are positive that people under certain circumstances need to be encouraged and urged to work. In a newspaper article FREDRIK REINFELDT for example pointed out that people's behaviour is affected when their personal risks are reduced by social insurances (Reinfeldt and Borg 2005). As his next sentence directly broached the issue of an "exploitation" of the social security system and the costs this would bring about for the whole society (Ibid) this could be understood as a statement that too many persons might live tolerably on their benefits and might therefore be tempted to take the active decision not to work.

4.2.2.2 Political vision for the welfare state

Traditionally the Moderate Party, as all other Swedish non-socialist parties, "had a tendency to argue that the current welfare state serves a humanitarian purpose solely, without any positive contribution to, for example, labour market participation and economic growth" (Nordlund 2005: 84). At the end of the research period, the New Moderates acted, however, on the assumption that without a well-functioning social security system and a safe income only those who are already doing well for themselves dare to take risks and are able to develop (Moderaterna 2008b:161). In order to ensure that the safety net actually made people dare to change, the New Moderates primarily wanted to make sure that any citizen could easily understand the rules and had an easy access to the help and support that was offered by the welfare state (Ibid). In concrete terms this meant for example that the public institutions were expected even more to take on their responsibility of helping people to (re)enter the labour market (Ibid). Beyond that the New Moderates have backed away from their former rhetoric of cutting welfare and have put instead the creation of incentives to work at the centre of their party political communication. On their homepage one could read for example that to work must always pay more than to be on benefit and that the party aimed at restoring "the value of work" and to put "quality before extended benefits in all areas of the welfare system" (www.moderat.se found: 01.04.2008).

On their homepage the New Moderates stated as well that they were committed to protecting the common welfare and to making sure that the welfare system got the resources it needs through more people being in work and paying tax. As regards the role of taxes FREDRIK REINFELDT made clear that the New Moderates are clearly committed to a tax-financed welfare state since this system makes it possible to level out the life chances of people (Sydsvenskan 2005). Compared to their former credo which was inherent in the 2001 'ideaprogramme' for example and which put the issue of lower taxes generally at the centre of the Moderates' political argumentation the party's discourse became more differentiated. Especially the citizens with low- and medium incomes should be given the opportunity – by lower income taxes which create more incentives to work – to take part in the security and the social companionship that is offered by a job and by colleagues at the workplace (Moderaterna 2008b:149). In contrast to the Social Democrats the New Moderates did not argue, however, that redistribution of wealth would be the best way of fighting injustice. Instead they assumed that in the framework of a market economy, 'entrepreneurship' and 'the possibility to work' can level out differences between citizens and that this qualities contribute to a society that is characterised by companionship and solidarity (Moderaterna 2008b:147).

4.2.2.3 Social security benefits – what shall they deliver?

According to the New Moderates the benefit system should be generous enough to offer security for those participants who get into difficulties by unemployment or sickness. At the same time the benefit system should be strict enough to encourage the take up of a job and to counteract any kind of exploitation (Moderaterna 2007). The party points out that a passive benefit support is not enough and states that it is equally important to put demands on benefit recipients and to offer instruments which help them to get out of their problematic situation by themselves (Ibid, p. 70). According to the New Moderates, the goal shall always be to find security and self assurance by fending for oneself (Ibid).

Unemployment insurance

After REINFELDT's election as party leader in 2003, the (New) Moderates aimed at re-establishing the work approach (arbetslinjen) in the unemployment insurance by a sharp control of the will to work and a careful policy of restraint as regards the benefit levels

(Reinfeldt and Borg 2005). In a newspaper article FREDRIK REINFELDT and ANDERS BORG stated that the Swedish social insurances were generous compared to other countries. They claimed furthermore that the demands for eligibility were low, that the benefit level was high and periods of benefit payments were long and that the control of benefit recipients was insufficient (Ibid). REINFELDT and BORG referred to international comparisons according to which sanctions and benefit reductions in the case of non-compliance with 'job-search demands' were used more frequently in other countries (Ibid). In Belgium and Denmark, as the two authors point out as examples, about 5 per cent of unemployment insurance recipients were supposed to be affected by a benefit reduction; in Finland, Norway and the UK this would be the case for about 10–15 per cent and in the US and Switzerland it would be even more than 40 per cent (Ibid). If these numbers would be transferred to Sweden, then, the two Moderates argued, there should be between 30.000 and 250.000 persons with reduced benefit levels instead of the approximately 7.000 persons whose unemployment insurance benefits were reduced in 2004/05 (Ibid). Another characteristic of the (New) Moderates' party-political discourse was the emphasis on the role of the unemployment insurance as a 'readjustment-insurance' (omställningsförsäkring). The insurance should not accommodate the jobless with the opportunity to live on benefits for longer periods but rather function as a temporary protection for employees who have to bridge the time between two jobs (Abrashi 2007). In this regard the 'Programme for Work' from 2005 stated for example that the unemployment insurance should be reformed in order to increase the chances of benefit recipients to get back to gainful employment *more quickly* (Allians för Sverige 2005). The underlying message was that there were jobs available for a lot of unemployed Swedes and that benefit recipients just needed the suitable incentives to actually take them. Overall, however, the (New) Moderates justified their political plans of reforming the Swedish unemployment insurance with the argument that the ongoing "exclusion" (utanförskapet) of about 1,5 million people who had only a loose or no contact at all with the labour market must be broken (Reinfeldt and Borg 2005).

Social assistance

While the (New) Moderates focused on a policy of restraining benefit levels in the reform of the unemployment insurance, their attention was rather turned towards securing work incentives by cutting payroll and income taxes as regards the social assistance scheme. As has already been mentioned, the most important reform that was introduced almost immediately

after the centre-right alliance won the elections was the 'Employment Tax Deduction', which was supposed to boost the jobmarket, especially for those being unemployed (Lundgren et al., 2008; Fredriksson, 2008). However, a survey which the (New) Moderates commissioned to the 'investigation-service' of the Swedish Parliament came to the conclusion that there were about 105 areas in Sweden with a level of employment lower than 50 per cent and with a majority of the population receiving social assistance (Moderaterna 2008a:5). This situation made the (New) Moderates think into another direction as well: In 2008 the party pointed out that those who received social assistance might not be reached if the political focus was only on reforms in the unemployment insurance system (Ibid, p. 17) and thus proposed an overall political package (Nystartsprogram) which aimed at diminishing the reliance on benefits by modernising the social assistance scheme as such (Ibid, p. 18). Most important in this regard was the aim of introducing sanctions in the form of reduced benefit levels and thereby adjusting the social assistance scheme to the rules of the unemployment insurance (Moderaterna 2008a:19). Those who received social assistance should actively search for a job and the search should not be restricted to a certain area; if a job was offered in another municipality the person should commute or move to the new working place and if the job offer was disapproved by the benefit recipient his or her benefit level should be reduced (Ibid). To put forth the work approach even in the last resort of the Swedish social security system became charactersistic for the (New) Moderates party-political discourse at the end of the research period.

Reconciling work and family

On their homepage the (New) Moderates stated that they wanted to pursue a modern family policy which could build on an already functioning system but which added some pieces of a puzzle at all those sites of the system where it actually did not work out so well. Among other things the party wanted to strengthen women's position on the labour market during the time their children were small, and the party principally aimed at raising the flexibility for parents and children. As regards the paid parental leave system the party called attention to the fact that there were big differences between the sexes as regards the utilization of parental benefits (Moderaterna 2007). The (New) Moderates assumed that sometimes it was volitional that the woman took care of the child, but that in most cases practical and especially economical reasons were lying behind the decision that the father kept going to work instead of staying at home (Ibid). In contrast to the SDP, however, the (New) Moderates believed that the answer

to this problem cannot be found by a paid parental leave system with allocated quotas based on a corresponding law. They rather assumed that the decision for parents to equally divide the time of parental leave can be made easier by encouragement and economical incentives (Ibid). When in 2005 the Social Democrats presented their proposal of the so called 5-5-5-system, which meant that 5 months of parental leave would be reserved for the mother, 5 months for the father and five months could be divided between both, the (New) Moderates argued that this would be the wrong way and started to promote their own reform proposal. Especially during the preparation of the election campaign 2006 the (New) Moderates announced that they wanted to introduce a so called 'Jämställdhetsbonus'. This bonus was supposed to give some new incentives for fathers to take care of their children by means of a reduced income tax to be granted only if the parent that earned more stayed at home on parental leave (Reinfeldt and Kristersson 2005). Beyond that the party stated that the parental benefits should be paid for only twelve months with a benefit level of 75 per cent and that the so-called 'daddy-months' should be abolished (Moderaterna 2006). However, especially the party-political opinion on the latter issue seems to have changed at the end of the research period. Pointing out that fathers drew only on 21 per cent of the parental leave, a working group of the (New) Moderates stated in 2009 that in principle 100 fathers who *want* to stay at home with their child are better than 1000 fathers who *shall* stay at home (Olsson, 2009). But then the working group went on to argue that if the chosen instruments, like the so-called 'Jämställdhetsbonus', were not sufficient and effective enough it might be useful to think about an increased individualization of the parental insurance system in order to reach a more equal utilization of parental leave and thereby more equal opportunities on the labour market (Olsson 2009).

4.2.3 The party-political discourses in the context of Swedish election campaigns

In order to reveal the circumstances under which a hegemony in 'the fight about ideas' can be reached I consider it very helpful to scrutinize the parliamentary election campaigns during my chosen period of investigation and to carve out the significance of the party political discourse in this regard. The Swedish parliamentary elections that I will refer to and that are relevant for my research took place in 1998, 2002 and 2006.

4.2.3.1 SDP

During the 1990s the unemployment rate in Sweden increased from 3,2 per cent in 1991 to 9,8 percent in 1994 (Delhees et al. 2008:53). Long-term unemployment, expressed as a proportion of the total unemployment rate, increased from 12,1 percent in 1990 to 27,8 percent in 1995 and the rate of youth unemployment increased from 4,5 percent to 20,6 percent during the same time period (Ibid, p. 54). It was against this background that the SDP initiated a 'programme for halving unemployment until the year 2000' and promoted a labour market reform which aimed at 'full employment' and focused – as traditionally being common practice for the Swedish Social Democrats – on 'active labour market policies' as well as 'supply side reforms' (Delhees et al. 2008:56). However, despite this reform programme the SDP achieved only a very disappointing election result in 1998 and afterwards the party admitted that the solutions offered for the severe problems on the Swedish labour market had not been 'forward-looking' (SDP 1999:16). Especially striking was the failure to not have charted a plausible 'path' as regards the question of how individual security and economical flexibility could be reconciled or balanced (Ibid). The SDP's analysis of the parliamentary election 1998 came also to the conclusion that the electorate obviously considered the party's classical rhetoric as not sufficient and it was pointed out that the SDP's 1998 election manifesto in fact accentuated the overall importance of employment policy but that it contained no 'concrete' or 'new' reform proposals in this policy field (Ibid, p. 22). Due to this reason and despite an economic recovery of the country and increasing employment rates – as the analysis of the election concludes – the SDP had not been considered as a political actor with forward-looking competences in the context of employment policy (SDP 1999:22). A further problem in the SDP's 1998 election campaign seemed to have been the deficient communication of the so-called 'maximum fee' (maxtaxa) for publicly subsidized childcare, which should bring about lower costs for all parents (Ibid, p. 27). Basically, the idea behind this reform proposal was to unburden those who have been hit especially hard by the Swedish financial restructuring programme of the 1990s, namely the families (SDP 1999:27). At the same time it aimed at increasing the incentives for women to make themselves available to the labour market again (Ibid). However, as the SDPs' election analysis revealed, the party promoted this proposal on very short notice so that there was no party-intern discussion about it. The communication was accordingly quite difficult (Ibid). While in previous years the SDP had rather pushed on a progressive tax design in the context of childcare subsidies and clearly pursued the goal of redistribution, the about-turn in this

matter obviously was very surprising even for party-members (Ibid). It was criticised furthermore in the election analysis that the economical effects of the 'maximum fee' proposal[40] were not obvious at all; neither for the parents nor for the state or the municipalities (Ibid).

With the parliamentary elections in 2002 the SDP then regained a quite strong position and received 39,8 percent of the votes. According to DELHEES ET AL. one major reason for this development can be seen in the fact that until the year 2002 the state finances could be stabilised and the unemployment rate declined to 4,9 percent (Delhees et al. 2008:53). The SDP's intern evaluation pointed out as well that after finally having halved the unemployment rate as promised, the election campaign 2002 could focus again on traditional and very innate social democratic issues like education and health care (SDP 2003:4). With this focus on 'welfare increasing' policies the SDP clearly received more support of the voters than the Moderate Party whose election campaign stood in sharp contrast to the social democratic opponents as it accentuated the aim of reducing taxes for about 130 billions SEK (Ibid, p. 12,18). The most remarkable insight as regards the Social Democrats performance in 2002 seemed to be that they won the parliamentary elections even though they did not change their election manifesto at all as regards employment and labour market policy and though they basically pursued the same approaches in this regard as four years earlier.

Then, in 2006, the following happened: The Swedish conservative parties got together and built the 'Alliance for Sweden'[41] (Allians för Sverige). Especially the Moderate Party started to promote itself as the 'new workers' party' and changed its name to 'New Moderates' (Nya Moderaterna). In the run-up to the election campaign 2006 they brought forward a political programme which was modelled in many respects on the agenda of the Social Democrats. Therewith, as DELHEES ET AL. already analysed, the topic of unemployment or the goal of full employment were no longer a mere concern of the SDP anymore but had been taken up by the new centre-right alliance as well (Delhees et al. 2008:54).

Since the socialdemocratic government could not further reduce the Swedish unemployment rates after the 2002 parliamentary elections (Nilsson and Nyström 2007:3), it seems to have been this development, the development towards a centre-right alliance, that finally decided to address the topic of unemployment as well, which was to be decisive for their election victory

[40] As was shown in the previous chapter the 'maximum fee' for publicly subsidized childcare was finally introduced by the Social Democratic government in 2002.

[41] The new alliance consists of four parties, namely the New Moderates, the Folk Liberal Party, the Centre Party and the Christian Democrats.

in 2006. The inability of the SDP to further reduce unemployment was actually puzzling because the Swedish economy got up to speed and this development should have played into the Social Democrats' hands. For example, on the 18th of September 2006 the newspaper 'Dagens Industri' wrote that all economic indicators pointed in the right direction and that the next Swedish government faced a 'golden opportunity' (Persson 2007). As a consequence the question of how to fight the comparatively high level of unemployment became one of the most important issues during the election campaign 2006 and the explanatory capacity of the SDP's set of ideas was increasingly questioned against the puzzling situation described above. In their analysis of the SDP's election defeat ANDERS NILSSON and ÖRJAN NYSTRÖM stated that a lot of people perceived the Swedish Social Democrats as 'emptied' of the will to achieve something new (Nilsson and Nyström 2007:1). While the SDP kept promising that more jobs would be established soon the (New) Moderates claimed that due to the Social Democrats policies one million Swedes were living on benefits instead of participating in the labour market and that a new conservative government would change this situation (Ibid, p. 4). Since the SDP was not able to offer a plausible political alternative to the Conservatives' approach, which primarily focused on improved work incentives by a lowering of income taxes but as well on 'moderate' cuts in the social security system (Ibid, p. 5), the centre-right alliance finally convinced the electorate of a definite policy change as will be further illustrated in the following.

4.2.3.2 The (New) Moderates

During the late 1990s the Swedish Moderate Party "aimed harsh criticism at the welfare state" (Nordlund 2005: 91) and even during the election campaign 2002 they argued for the rejection of the existing Swedish welfare model and promoted the dismantling of the welfare state on the one hand and more freedom of choice and individual liberty on the other hand (Delhees et al. 2008:57). It was typical as well that the Moderate Party quite often argued with statistics and rankings taken from the European or global context in order to clarify the necessity of policy reforms in Sweden (Ibid). However, since according to DELHEES ET AL. this 'best-practice-rhetoric' was not compatible with the electorate's expectation of figuring out how the welfare state could maintain peoples' security in the future, the final election result for the Moderate Party was shattering with only 15,1 percent of the votes (Ibid). In accordance with the motto "a party that adhered to an ideological attitude and saw the voters

dismissing it over and over again is prepared to try something completely new" (DN 2007) the crisis of the Moderate Party in 2002 then led to a far-reaching overhaul of its political position. The new programme did not contain a complete rejection of the Swedish welfare model anymore and most of the demands that had been promoted during the election campaign 2002 – like for example radical cuts in the unemployment insurance system – were missing. Altogether, the Swedish (New) Moderate Party promised only moderate changes and used a rhetoric that focused on the human being and not on a complete change of welfare policies (Delhees et al. 2008:58). As PATRICK LANNIN put it: "to win the elections on Sunday he [Fredrik Reinfeldt] is trying to persuade Swedes that he will just fine-tune it [the welfare state] to boost jobs, not destroy it" (Lannin 2006). According to the party's new policy agenda this fine-tuning comprised especially an increase of work incentives. Again and again the (New) Moderates argued during the election campaign 2006 that Sweden had too many benefit recipients in face of a boosting economy, and the Swedish industry (Svenskt Näringsliv 2007) and the Swedish media (Schück 2006) played into the party's hands since they also portrayed the situation as if Sweden had overslept decisive reforms during the last years and needed urgently to begin with introducing significant changes.

Altogether it can be said that especially the (New) Moderates, and with them the whole centre-right alliance, positioned their new policy agenda so cleverly that despite their campaign for cuts in the Swedish social security system and despite the good economic circumstances which made the voting of a reigning government out of office rather unlikely, they could convince a majority of the electorate. The clue to this puzzle has apparently to be seen in the fact that the (New) Moderates, while being close enough to the set of ideas inherent in the SDP's discourse on welfare modernisation, offered a new 'path' to solve the problem that unemployment rates stagnated or even rose in times of economical well-being. As described above, they have been very successful with this strategy.

4.3 Analysis

4.3.1 Did Sweden eliminate its weaknesses as identified by European recommendations?

Between 1998 and 2008 a development in Swedish national reforms towards the qualitative demands inherent in the European recommendations was clearly visible in all four scrutinised categories, namely unemployment insurance, social assistance, paid parental leave system and

childcare subsidies. In the unemployment insurance system more incentives to take up work were introduced by both the socialdemocratic and the centre-right government. The latter even fell back on a lowering of benefit levels in order to increase the take-up of work. Changes in relation to the social assistance scheme concentrated on a reduction of the high tax burden on labour income which was pursued by both governments. Differing approaches, however, could be found in the context of the paid parental leave system: While the Social Democrats focused on increasing the benefit levels, the centre-right government finally introduced more work incentives by reducing the benefit levels to save about 1,1 billion SEK per year (Larsson, 2008). Especially for women more work incentives were introduced with the so-called 'jämställdhetsbonus' which a mother receives if she goes back to work while her partner takes care of the child. In the context of childcare subsidies especially the socialdemocratic government tried to boost parental labour supply by introducing a new maximum fee (maxtaxa). So, altogether it can in fact be concluded that the greatest 'weaknesses' of the Swedish social security system – as they were identified by the EU's policy recommendations – were tried to be eliminated during the research period.

4.3.2 What kind of role do ideas play in the modernisation of the Swedish welfare state and how significant are European ideas in this context?

To finally answer this question I will proceed in several steps. The first one is a general depiction to illustrate how compatible the European discourse and the party-political discourse of the Swedish Social Democrats were during their reign between 1998 and 2006. In a second step I will try to shed light on the question to what extent the Swedish governmental change in 2006 was a result of crisis in the SDP's welfare policy discourse. Moreover it shall be depicted why the discourse of the (New) Moderates with its underlying ideas on welfare state modernisation became so successful in return. In a third step I will analyse how GOUL ANDERSENS 'constructivist model of changes in welfare policies' can help to explain the developments in Swedish welfare state modernisation between 1998 and 2008, and in a fourth step I will finally try to conclude how significant European ideas have been in this regard.

4.3.2.1 How compatible were the European discourse and the party-political discourse of the Swedish Social Democrats between 1998 and 2006?

Arguing on the basis of GOUL ANDERSENS'S approach which stresses the importance of problem definitions in the context of welfare change rather than exogenous forces like demographic or economic pressures (Goul Andersen, 2000) the following picture emerges. The EU's problem definition that is most relevant for the policy recommendations given for the modernisation of national social protection systems is that employment rates in the EU are too low and that higher employment rates are necessary to secure welfare and social inclusion. Deduced from this problem definition are the following solutions, principled beliefs and causal beliefs which are primarily inherent in the European Commission's policy agenda as illustrated in chapter 3 but of course as well in Employment Guidelines, Council recommendations or Presidency Conclusions.

Problem definition:

- European employment rates are too low: Higher employment rates are necessary to secure welfare and social inclusion.

Proposed solutions:

- Making work pay
- Activation
- Reconciling work and family

Principled belief:

- The social dimension is a productive factor

Causal beliefs:

- Negative effects on employment can be reduced if the long term trend of increasing taxes on labour is reversed.
- Jobseekers will take jobs or participate in other employment enhancing activities, if the tax and benefit systems provide clear incentives in this regard.
- A shift from passive to active policies that involves participation in training and education will induce jobseekers to acquire new and different skills.

- Making social protection more employment-friendly can be realized through public or subsidised childcare provision.
- Affordable childcare as well as a sufficient parental insurance system can contribute to decreasing the gender gap in employment.

Obviously the SDP adopted the problem definition that employment rates are not high enough. The party shared as well the principled belief that social protection is a productive factor even if some slight differences were visible. Whereas the SDP was keen to highlight that "any change in work incentives must be evaluated against its effects on the sense of security and belief in the future" (Andersson 2006b:453) the European discourse rather focused on a benefit efficiency in the sense of prioritising the 'stimulation for work'. These differences in accentuation become even more visible when comparing the causal beliefs on which the SDP based its policies. Most obvious is the gap between the European and the SDP discourse as regards the proposed solution of 'making work pay'. The European discourse with its argumentation that social benefit systems should provide clear incentives to take up jobs implies that the differences between benefits and wages shouldn't be too low. One possibility to reach this goal is to reduce the taxes on labour and the other possibility is to reduce social security benefits. Certainly, the recommendations of the EU never comprised the demand that benefit levels should be lowered, but from the mere hint that Swedish benefit schemes "are relatively generous in an international perspective" (Council of the European Union 2003) it can be deduced that the EU saw a certain 'room of manoeuvre' in this context. However, the SDP clearly dismissed this option and the discourse was rather based on the claim that the existing income-maintaining system must not be replaced and the belief that equality and solidarity must not be put at stake by lower public benefits[42] or an increasing substitution by private insurances which only the rich can afford. In 2004 GÖRAN PERSSON argued that "there is a way to combine solidarity and development, redistribution, and growth. Those who believe that well-developed public services, subsidies, redistribution, and security system[s] cannot be maintained because of globalization are wrong" (Persson, 2004; cited after Andersson, 2006b, p. 453).

What the party did do, however, is to use the second solution which is offered by the 'making work pay' theorem, namely to raise the difference or the gap between benefits and wages by

[42] Benefit levels were only lowered during the economic crisis of the 1990s but then raised again when the economy allowed it.

lowering income taxes. The major reform that has to be mentioned in this regard was the 'green tax reform' in 2000/2001 which aimed at the shift of 30 billion SEK from taxes on work to taxes on environment until the year 2010, with the overall aim of this reform being to relief low- and medium-income earners from the income tax burden and to facilitate the transition from part-time employment to full-time employment by reducing the marginal taxes for this group of employees (see chapter 4.1.2.3).

To follow the EU's causal belief that benefit recipients need to be further activated was comparatively easy for the Social Democrats since the work approach has long been characteristic for their social policies. Thus, from the very beginning of the research period several 'activation measures' were introduced by the Social Democrats and they were quite different in character. With the 'Activity Guarantee' they comprised for example a measure that focused on helping the long-term unemployed (including social assistance recipients) to acquire new skills and upgrade existing ones. On the other hand the demands on benefit recipients were forced up as well. In 2001 the SDP introduced more obligations for benefit recipients in the unemployment insurance and demanded that after the first 100 days of unemployment a jobseeker had to expand the search areas in the sense that he or she should be ready to take up any reasonable job anywhere in Sweden (B. Lundgren, 2006, p. 1). With the introduction of the Social Service Act in 1998 the SDP even followed a path that was called the 'workfare trajectory' (Goul Andersen, 2000). Since the introduction of this act an unemployed person who is not participating in a national labour market program can be obliged to participate in municipal work or training projects if (s)he is (a) younger than 25 years or (b) 25 years and older but has a special need of competence increasing measures (Svensk författningssamling 2002). According to KILDAL this meant a "principle departure from mainstream Scandinavian welfare policy" and a compliance with recommendations provided by the EU (Kildal, 2001, p. 13).

In the context of reconciling work and family the European discourse and the discourse of the Swedish Social Democrats were almost congruent. The introduction of a childcare fee reform in 2002 corresponded for example with the 'European' causal belief that the provision of subsidised childcare is a good possibility to create financial incentives for women to return to work and to strengthen their position on the labour market. With the so-called 'maximum fee' reform a new fee structure was introduced in Sweden which remained based on family

income but only up to a ceiling above which the fee is kept constant (Brink et al., 2007, p. 4). Accordingly, longer working hours and better paid jobs do not result in higher childcare fees anymore (Ibid). The fact that the Social Democrats aimed at introducing a so called 5-5-5-system into the paid parental leave system (this means that 5 months of parental leave would be reserved for the mother, 5 months for the father and five months could be divided between both) fits also well with the European argument that the possibility to reconcile work and family is "a question of equal opportunities for women and men" and "an economic necessity in the light of demographic change" (European Commission, 1999, p. 13). The idea of the 5-5-5 system has not yet been realized in Sweden but since a reform that was accomplished by the Social Democrats in 2002 at least two months of the parental insurance are reserved for each parent.

To sum up, during the research period the Swedish Social Democrats accepted the problem definition and the principled belief that were characteristic for the European discourse. Yet, the party did not entirely follow the causal beliefs that the European discourse offered since the solution of 'making work pay' challenges two normative cornerstones of the Swedish welfare state: equality and solidarity. Therefore income protection has been maintained as the major 'guiding principle' by the SDP and a high tax-rate has been defended, even though the taxes on work have actually been lowered in exchange of higher taxes on the environment. With this 'ideational backup' the Social Democrats won the elections in 1998 and in 2002. Especially the elections in the beginning of the new millennium they won very clearly and therefore it came as a big surprise that the SDP was not able to build the government anymore in 2006.

4.3.2.2 Why did the persuasiveness of the Social Democrats' discourse on welfare modernisation fade away in 2006, while the New Moderates' discourse became successful?

A few years before the research period of this thesis starts – namely between 1991 and 1994 - unemployment in Sweden raised from 3.2 percent to 9.8 percent (Delhees et al. 2008:53) and in this situation the SDP stipulated the aim of halving the unemployment rates until the year 2000. In order to reach this goal the party promoted and pursued policy reforms which were based on the 'traditional' approach of active labour market policies, and they seemed to be

quite successful with this course of action. Until the elections in 2002 the SDP succeeded to stabilise the state finances and the unemployment rates could be lowered to 4,9 percent (Delhees et al. 2008:53). But this trend could not be confirmed in the following. The unemployment rates partially rose again and it happened despite the fact that the economy improved. As a consequence the question of how to fight the comparatively high level of unemployment became one of the most important issues during the election campaign 2006, while the 'explanatory capacity' of the SDP's set of ideas was increasingly questioned against the background of this situation. According to NAHRATH the notion of ideational persuasiveness has to be understood in a double sense. On the one hand the persuasiveness arises from what NAHRATH calls "internal logical coherence" and the ability of an idea or a set of ideas to offer credible explanations in situation which are perceived as "puzzling" and on the other hand the persuasiveness arises from the coherence of these ideas with the prevailing beliefs and values of a society (Nahrath, 1999, p. 57p).

As already mentioned, it was certainly the 'explanatory capacity' of the SDP's ideas in the context of fighting unemployment that was increasingly questioned during the election campaign 2006. But even the internal logical coherence of the party-political discourse was at stake since the situation clearly revealed that there was "a group in Swedish society that is not productive and that constantly falls behind" (Andersson 2006a: 133). According to ANDERSSON this constituted an ever growing challenge to the SDP as in the party's universalistic rhetoric welfare allowances and unemployment benefits were considered to be productive and necessary for providing security (Ibid). In an analysis of the SDP's election defeat in 2006 NILSSON and NYSTRÖM pointed out that according to their view Sweden increasingly had to face a so-called insider/outsider problem. They argue that in times of globalisation very high efficiency gains are necessary in order to maintain high wages and returns of investment, and that the price Sweden had to pay for reaching this goal was to sort out those who remained below the achievable proficiency level and to absorb them in the public benefit schemes (Nilsson and Nyström 2007). According to NILSSON and NYSTRÖM's analysis the SDP obviously did not recognise the weight and scope of this problem and adhered instead to the expectation that the very good economic situation would deliver jobs even for those outside the labour market (Ibid).

As if this wasn't enough, the persuasiveness of the SDP's discourse on welfare modernisation was further challenged by a political opponent who in the run-up to the elections in 2006

radically changed its party-political course and started to promote a new set of ideas; a set of ideas that came quite close to the one of the Social Democrats. The New Moderates of 2006 acted on the – so far – very social democratic assumption that without a well functioning social security system and a safe income only those who are already doing well for themselves dare to take risks and are able to develop. It can thus be argued that the New Moderates positioned themselves in a way that shared the European and the SDP's problem definition (employment rates are too low) but as well in a way that corresponded to the principled belief that the social dimension is a productive factor. This was a complete turn-around and made the party obviously to a political option for the electorate that previously had disapproved of the ideological attitude of the (New) Moderates.

The decisive factor is, however, that the New Moderates did not only offer a discourse which *corresponded* to the *principled* belief of the social democratic one but at the same time offered a discourse which *differed* as regards the *causal* beliefs. Especially in the context of 'making work pay' the New Moderates declared that it is the overarching aim of the party to secure that the Swedish tax-benefit system is geared towards creating incentives to work. And in contrast to the Social Democrats the New Moderates did not only aim at reducing the taxes for low- and medium-income earners but declared as well that a lowering of benefits was necessary.

Table 7: Development of party-political discourses in Sweden 1998 - 2006 (own presentation)

Social Democrats	**New Moderates**
1998: importance of employment policy	1998: harsh criticisms of the welfare state
2002: welfare-enhancing policies	2002 tax reliefs amounting to a total of 130 billions SEK
2006 high unemployment despite good economic conditions → More jobs are coming soon!	2006 high unemployment despite good economic conditions → ‚modest' reductions in the social security system

Shortly before the 2006 Swedish parliamentary election it was thus the question: "Will Sweden vote for cuts in its welfare benefits system?" (Lannin, 2006). As we know by now Sweden did choose this option. Such a development was made possible by a centre-right alliance which offered an ideational set-up that was close enough to the ideas inherent in the SDP's discourse on welfare modernisation, but offered at the same time a new 'path' or a new 'paradigm' which should solve the puzzling situation that unemployment rates stagnated or even rose in times of economical well-being. According to PETER HALL, an existing policy paradigm can be put into question by the appearance of "anomalies, experimentation with new forms of policy and policy failures that […] initiate a wider contest between competing paradigms" (Hall, 1993, p. 280). Thus, as soon as a policy paradigm is disintegrating policy-makers are getting under pressure and they become increasingly vulnerable for outside pressures like for example societal interests (Ibid, p. 290pp). The Swedish situation and the parliamentary elections in 2006 are obviously a good example in this regard.

4.3.2.3 How can a 'constructivist model of changes in welfare policies' help to explain the developments in Swedish welfare state modernisation?

To begin with, the fact that the New Moderates experienced their worst political defeat in 2002, then underwent a comprehensive ideological change and became the strongest party of a centre-right alliance that builds the Swedish government is a very good example for an argument of social constructivism: namely, that beliefs and preferences "are constructed in a social environment where the beliefs and preferences held by other members of the community constitute the basis for what is deemed to be socially valued or preferred" (Cox, 2001, p. 473). In the case of the New Moderates the party 'ran against the wall' several times and then decided to change its core beliefs and adapted them to what the majority of Swedish society apparently wanted and believed. As described in the previous chapter, the strategy was sharing the SDP's problem definition while - at the same time – promoting that an incentive approach in its form of lowered benefits would solve the problem.

Time will tell if this new 'path' is durable and really changes the collective understanding of the Swedish welfare state in the sense of Cox' argument mentioned above. Yet, since 2006 the New Moderates, and with them the whole centre-right alliance, got the chance to enact some reforms alongside this new 'path', which the Social Democrats had refused to introduce into their policy discourse. This refusal clearly supports the constructivist assumption that people

must want the welfare state to reform. Principally, as CAMPBELL points out, it is not clear how fundamental policy changes really proceed and why policy-makers often fail "to break out of an old paradigm." (Campbell 2002a:23, citing Blyth 1997, 1998). But in the case of the SDP the refusal to rely on a new policy paradigm might at least partly be explained with the institutional preconditions under which decision-makers, according to the constructivist model of changes in welfare policies, are acting. As has been stated, the Swedish model envisages that an unemployed person has to be a member of an unemployment insurance fund (arbetslöshetskassa) in order to receive income-related unemployment benefits. As these funds are primarily administered by the Swedish trade unions, this is obviously one of the most important reasons for joining them, and the unions on their part try to guarantee high income replacement rates in order to attract members and to counteract an erosion of trade union power (Timonen 2003b:68pp). This has significant implications for the party-political discourse of the SDP since their cooperation with the unions is traditionally very close. The introduction of an incentive approach with lowered benefit levels would therefore have meant a clear break with the own electorate. Of course, sometimes policy makers pass a legislation that favours "social groups other than their own", but in these cases the normative beliefs have to be so strong that "they override the self-interests of policy makers" (Campbell, 2002, p. 24). Quite clearly the SDP didn't have any interests in this regard. On the contrary, after the election defeat in 2006 GÖRAN PERSSON still made clear that the Social Democrats "never bought the idea that the Swedish model was out, that the unemployed were lazy or that social security was too extensive. We stick to our welfare model" (Persson 2007:7).

Most interesting in this regard: The (New) Moderates did not have any chance with a policy of welfare cuts and lowering of benefits during the 1990s. Even if the situation on the labour market - on the whole – was much worse than in 2006. In my eyes this supports a major thesis of the 'constructivist model', namely that not only economic challenges but 'agency' plays an important role in the context of welfare state modernisation. The problem *definition* of unemployment being too high has not changed as such, but the Swedes accepted a new solution to the problem since a particular event, namely the new situation on the labour market, created "enough uncertainty to leave an opening to ideas and values that challenge the predominant ones" (Schmidt 2002:251).

Beyond his rather general assessment that agency is often under-emphasised in the context of welfare modernisation GOUL ANDERSEN's 'constructivist model' makes the quite concrete

prediction that decision-makers "select among the problem definitions that are compatible with their interests." (Goul Andersen 2000a:7). In my eyes, GOUL ANDERSEN's model would thus predict a rather negative development as regards the initiation of policy change which aims at eliminating national weaknesses.

And indeed: This thesis illustrates that the European discourse offered several causal beliefs, respectively solutions, in order to reduce negative effects on employment. Accordingly, the Swedish social democratic government between 1998 and 2006 could 'select' those ones that served their interests. It could be further argued that until 2002 the SDP had exploited all those solutions and beliefs inherent in the European discourse that seemed helpful to them and then took a rest – as the Swedish industry and media called it – since to them no other options seemed worth trying. In a way this was the beginning of the 'negative' development that I initially expected, but it lasted only for about one election period. As illustrated in previous chapters, even those solutions and beliefs inherent in the European discourse which the SDP had dismissed for years were finally employed by the new centre-right government. Against this background it could be argued that GOUL ANDERSEN's prediction of the behaviour of national decision-makers seems to have a good point in principal – the SDP indeed 'resisted' to cure the remaining national weaknesses with EU-level solutions that did not serve their interests. But of course the electorate with its own perception of existing 'problems' and the offered policy solutions play a decisive role at that very point. As it was the case in Sweden, the people chose to vote for the political opponents of the 'resisting' SDP and gave the New Moderates the chance to select among problem definitions that were compatible with *their* interests.

4.3.2.4 How significant were European ideas for the Swedish welfare modernisation process between 1998 and 2008?

Obviously it needs specific circumstances under which a certain 'cognitive framework' inherent in the EU discourse becomes so powerful that it is actually picked up at the national level and challenges the traditional guiding principles in a member state. In the Swedish case this happened when the New Moderates offered a new discourse and campaigned for the incentive approach in a way that the SDP had dismissed until then. Yet, apparently the New Moderates did not change the party-political discourse due to the sudden persuasive power of

'European' solutions but due to what the constructivist model of changes in welfare policies calls short-term tactical interest. The New Moderates wanted to seize power in the 2006 parliamentary elections and by taking the British New Labour party as the initial point of their ideological U-turn (Nilsson and Nyström 2007:1) they arranged their party-political discourse more and more according to the Swedish socialdemocratic agenda. The mechanisms of European coordination processes did obviously not play any major role in these proceedings.

So what's the conclusion? This case study has to conclude that overall there is a clear tendency to follow European recommendations while no obvious causal connection between national reforms and the European discourse can be identified. The ideational convergence proceeds without a clear connection to European recommendations and the next-best conclusion that suggests itself is the following: European ideas are not necessarily persuasive by themselves but can offer a new perspective or 'path' that might gain relevance when traditional ideas are not able to explain and solve a puzzling situation in the member states anymore.

Apparently the condition under which a 'non-traditional' cognitive framework becomes acceptable has to do with the significance that a societal majority ascribes to such a puzzling situation. If the majority considers the situation to be a severe and fundamental threat for their personal future or the future of society at large, then even ideas that are not traditionally anchored in the national discourse become an option that is worth trying. But still, as KERSTIN JACOBSSON mentioned: "This is not to say that EU recommendations are decisive for policy change. Rather, they provide one argument among others" (Jacobsson, 2005, p. 132).

In sum the conclusions thus remain vague: At best it can be argued with ANDERSSON who claims that European cooperation procedures have the character of continuously facing member states with their remaining weaknesses. National decision makers are thus at least expected to have a 'future-oriented thinking' (Andersson, 2006b, p. 440) and this conclusion could be confirmed by the previous case-study.

5 The modernisation of social protection policies in Great Britain 1998-2008

With the following case study it shall be analysed to what extent Great Britain has tried to eliminate its 'weaknesses' in social protection policies which were identified in the scope of European coordination processes and specified by the Council Recommendations between 2000[43] and 2008. As indicated, the European Employment Strategy seeks to establish a compromise between the social Democratic and the liberal employment model and the realisation of this attempt has diverse implications for the design of national benefit and assistance schemes. The most urgent need for reform which was identified for Great Britain was to ensure that active labour market policies and benefit systems prevent de-skilling on the one hand and support the sustainable integration and progress in the labour market of inactive and unemployed people on the other hand (Council of the European Union 2001)(European Commission, 2006c; 2007a). Beyond that Great Britain was recommended to pursue efforts to improve the provision of affordable care services for children, with a view to making it easier for men and women with parental responsibilities to take employment (Council of the European Union, 2001; 2002; 2003; 2004).

If British decision-makers reacted to this and how they tried to comply with these European recommendations shall be illustrated in the following chapter. The analysis refers on the one hand to policy reforms that have been enacted and to the development of party-political discourses on the other hand. In practice I decided to base my analysis on the following four welfare institutions: (1) unemployment insurance, (2) social assistance, (3) paid parental leave and (4) childcare services and subsidies. The empirical findings will be summarised with a theoretical consideration that refers to the ideational explanations as illustrated in chapter 2 and a specific consideration of the explanatory power of GOUL ANDERSEN'S constructivist model of welfare change in this regard. The reader has to consider that there was no governmental change in Great Britain during the research period because the British government was led without interruption by the New Labour party between 1997 and 2010.

[43] Since the year 2000, the Council is able to issue specific recommendations to Member States, which complement the Employment Guidelines (European Commission 2002c:6).

5.1 National Reforms

In order to analyse if the British government has indeed tried to modernise the benefit systems in a way that prevents 'de-skilling' it is at first necessary to shortly illustrate the two most important British benefit schemes which take effect in the case of unemployment.

Jobseeker's Allowance

In Great Britain the so-called Jobseeker's Allowance (JSA) is the main benefit for people who are out of work. It was introduced by the government of JOHN MAJOR in 1996 and came into existence by the merging of two previously separated benefits, namely the Unemployment Benefit and the Income Support. Principally the benefit can be claimed by persons who are actively looking for work and are able to work for at least 40 hours a week (DWP 2011c:4). Beyond that they need to have paid enough National Insurance on their income, they must not have savings above a certain amount of money, they need to be under the State Pension age but over 18 years old, they must not be in education and need to have a so-called 'jobseeker's agreement'[44] (DWP 2011c:4). Principally there are two types of the Jobseeker's Allowance. The first one is contribution-based and anyone who paid enough National Insurance contributions (NICs) during the last two tax years is entitled to the benefit (Ibid, p. 3). The NICs are deducted from a persons earnings if their salary rises over a certain amount. If a person earned for example above £105 a week (the 'earnings threshold') and up to £770 per week in the tax year 2008–2009 (s)he had to pay 11 percent of this amount as National Insurance Contributions (HMRC 2009b). The second type of the Jobseeker's Allowance is tax-financed and income-based which means that if a person is on a low income, (s)he may still get JSA even if no NICs have been paid. Principally it holds that a benefit claimant will not receive the income-based Jobseekers Allowance if (s)he has savings over £16,000 (DWP 2011c:3).

Income Support

Income Support was a means-tested benefit for people who were on a low income. In 1996 the recipients of Income Support who were 'employable' were moved to the new Jobseeker's Allowance and thereby integrated into the general labour market policy with its obligatory

[44] The jobseeker's agreement sets out "the things you've agreed to do to find work. You must meet regularly with a Jobcentre Plus adviser to show that you're able to start work and are looking for a job, and for us to check that you are doing the things in your jobseeker's agreement" (DWP 2011c:5).

training and job-search activities (Aust and Arriba 2004). Accordingly, during the research period Income Support was only paid for persons who were not available for full-time work and did not have enough money to live on. In addition, it was paid for lone parents, people who were on parental or paternity leave, carers and last but not least pregnant women from 11 weeks before the expected date of birth and up to 15 weeks after the birth (DWP 2011b:3). Entitled to Income Support was principally anyone who worked less than 16 hours a week, who was not in full-time study, who did not get Jobseeker's Allowance or Employment and Support Allowance, who lived in Great Britain and who was between the age of 16 and the age of being entitled to receive pension credits (DWP 2011b:4). Moreover it holds that only those people who did not have savings of £16.000 and more were entitled to the benefit (Ibid). Since November 2008 the eligibility of lone parents to Income Support had been restricted to the extent that lone parents with a child over 12 years old were moved from Income Support to Jobseeker's Allowance (DWP, 2007, p. 44). Previously, lone parents could get Income Support until their youngest child reached the age of 16 (DWP 2011a) and the new rules thus meant that lone parents had to be at the labour market's disposal earlier than before. Until 2010 the government aimed at further reducing the child's age limit to seven years (DWP 2007:44). According to the Department of Work and Pensions these new rules needed to be introduced last but not least in order to bring Britain into line with the development in other European respectively OECD countries (Ibid, p. 43).

5.1.1 Combining Work First strategies with Human Capital Development?

As indicated in the introduction, one major challenge for the British welfare state that has been identified by the EU's Lisbon Strategy was to promote the employability of unemployed and inactive people. How big this challenge actually was becomes apparent when being aware of what CHRIS HUMPHRIES of the UK Commission for Employment and Skills outlined in 2008, which already marks the end of my research period and not the starting point:

> "In OECD comparisons of 30 countries, the UK lays 17th on low skills, 20th on intermediate and 11th on high skills. Seven million adults lack functional numeracy and five million adults lack functional literacy. […] The proportion of people with low or no qualifications is more than double that in Sweden" (Humphries 2008:10).

To what extent the British government was able and willing between 1998 and 2008 to include an approach of 'Human Capital Development' in the context of welfare reforms is

thus a quite important question to ask. Principally, as LINDSAY ET AL. point out, the British government has described its labour market policy as a "Work First approach to moving people from welfare into work" (Lindsay, McQuaid, and Dutton 2007:541). While such approaches may vary as regards their aims, their services and their level of compulsion they are all designed in a way that puts the job search at centre stage and that tries to assure that people are as quickly as possible transferred from welfare back to work (Ibid). As SOL and HOOGTANDERS argue it is not the aim of the work first concept "to establish a long-term career goal but to reinforce the belief that any job is a first career step no matter how precarious this employment might be" (Sol and Hoogtanders 2005:147). And it is especially against this background that work first approaches which conceptualise unemployment more as an "individual problem of indadequate economic incentives to 'make work pay'" (Ibid), are often criticized and distinguished from approaches of Human Capital Development (HCD). The latter consider, according to SOL and HOOGTANDERS, unemployment rather to be "a problem of insufficient qualifications and competencies" and focus "on the enduring transition to work as a long-term perspective" (Ibid, p. 147/48). However, a sustainable labour market integration, which lies at the heart of HCD approaches, requires that for example 'personal advisers' (PAs) or case managers are working with benefit recipients in a way that facilitates the development of their skills and equips them to find a suitable job (Lindsay et al., 2007, p. 542). In sum, a differentiation between Work First and HCD approaches can be illustrated according to LINDSAY ET AL. as follows:

Table 8: Characteristics of Human Capital Development (HCD) and Work First approaches to employability. Source: Lindsay et al., 2007, p. 542

	Work First approaches	**HCD approaches**
Rationale	Facilitating quick return to labour market by job search and work-focused training	Improving long-term employability through improved education, skills, health, and personal development
Programme targets	Immediate emphasis on job entry; focus on getting people into work quickly	Sustainable transitions to work at range of skill levels with progression routes once in work
Intervention model	Job search central and constant; short-term training; focus on immediate activity	Long-term training; integrated with social care, education and health; high quality Personal Adviser support
Relationship to Labour market	Demand-responsive – seeks to insert jobseekers into available opportunities	Up-skills jobseeker to expand range of opportunities; encourages and supports progression in workplace
Relationship with individuals	Use of sanctions and/or financial top-ups to encourage job entry	Encourages participation by demonstrating benefits of high quality opportunities

As the table above indicates it is quite a challenge to integrate HCD approaches in a policy design that traditionally is characterised by Work First approaches. Nevertheless, according to the European recommendations given to Great Britain, this is exactly the aim. To what extent the British government succeeded in this regard and if a tendency towards an increased incorporation of Human Capital Development in the context of welfare modernisation can be identified shall be illustrated by an analysis of the most important reforms that relate to the Jobseeker's Allowance and that were introduced between 1998 and 2008.

5.1.1.1 The New Deal scheme (first introduced 1998)

The New Deal scheme is Great Britain's primary 'employability programme' and aims at helping people to get back to work if they are unemployed. Its' introduction "considerably increased the conditionality attached to benefit receipt" (Clasen 2005:82). With an original focus on youth unemployed between 18-24 year olds, the New Deal programme was after its

introduction expanded to include even other groups. These are the long-term unemployed (25-49 years), lone parents, disabled people, those over 50 years old and musicians. However, despite the expansion of the programme it apparently kept a focus on those unemployed persons which were assumed to be most promising in the sense that an investment in their human capital would really lead to sustainable savings as regards benefit costs. As for example DOSTAL mentions: "By far the largest share of spending on ND programmes concerns the NDYP [New Deal for Young People] and, to a lesser extend, ND 25 [the New Deal for the long-term unemployed], while spending on other ND programmes for 'non-traditional' clients such as lone parents has been comparatively small" (Dostal 2008:32).

The New Deal for Young People (NDYP)

As already indicated above, the New Deal for Young People aged 18 to 24 was during the research period the most important New Deal programme in Great Britain. After having been unemployed for 6 months, the participants entered a so called 'gateway' period which lasted up to 16 weeks and focused on improving job search and interview skills (Department for Social Development 2008). During this time the participants met a personal adviser every week and set out a personalised action plan (Directgov 2009b). Those participants who had not been able to find a job during the gateway period and who didn't have a realistic chance to find one either were referred by their personal adviser to the second phase of the New Deal scheme, the so called 'option period'. For the participants this meant that they were offered four options: (1) a subsidised job placement, (b) full-time education and training, (c) work in the voluntary sector, (d) work with the Environmental Task Force (Department for Social Development 2008). The four options lasted between 13 and 52 weeks and should further improve the qualifications and work experiences of the participants (Ibid). Those participants who were still unemployed at the end of the option period received further intensive help during the 'follow-through period', which could last for up to 26 weeks (Directgov 2009b).

The New Deal for long-term unemployed people (ND 25+)

The New Deal programme 25+ targets long-term unemployed aged between 25 and 49 who received JSA for 18 months[45] (Dostal 2008:33). During the research period the participants

[45] The period has been 24 months before 2001 (Dostal, 2008, p. 33).

were at first supposed to take part in the 'gateway' programme[46], which lasted around sixteen weeks and, like the NDYP, was characterised by frequent meetings with the personal advisor and the setting out of a personalised action plan as well as a discussion of the participant's preferences and skills (Directgov 2009a). Since 2001 the ND 25+, again in line with the NDYP, then proceeded with a so called 'Intensive Activity Period' (IAP) for those who were still unemployed after the gateway programme. This second phase of the New Deal 25+ lasted a minimum of thirteen weeks (Ibid) and offered options such as "work experience; work placement with employers; occupational training; help with motivation and soft skills; and a 'basic employability training'" (Dostal, 2008, p. 34). So, compared to the NDYP the ND 25+ did not offer the same access to options like for example full-time education (Ibid), which would have played an important role in expanding the significance of the HCD approach. If the participants even after having finished the 'Intensive Activity Period' were not able to find a job they needed to make a new claim for Jobseeker's Allowance (Directgov 2009a). At this stage, they were moved onto the 'Follow-through period' which was supposed to last between 6 and 13 weeks and kept offering the benefit recipient further extra help as well as guidance in the context of his or her job search (Ibid).

The New Deal for Lone Parents (NDLP)

In its 2001 Employment Green Paper 'Towards full employment in a modern society' the New Labour government repeatedly formulated the target of "raising the proportion of lone parents in work to 70 per cent" (DfEE 2001:2) and the main instrument of fulfilling this pledge was the New Deal for Lone Parents. Participation in this New Deal is voluntary but since 2001 so called 'work-focused interviews' are mandatory for all lone parents (Dostal 2008:34). In the beginning these interviews had to take place once the youngest child reached the age of five years and three months (Ibid). Since 2003, however, all new claimants are required to attend the interviews regardless of the age of their children (Department for Work and Pensions 2006:9). Since October 2004 the interviews include a 'mandatory action plan', which according to DOSTAL, however, has to be seen rather symbolically (Dostal, 2008, p. 34). "These plans do not have to be agreed by the lone parent or include any further action or 'next step' which needs to be completed by the lone parent before the next WFI [work-focused interview]" (Ibid). Qualitatively, as DOSTAL concludes, the support of lone parents

[46] Originally this stage was called 'advisory process'. It was renamed 'gateway', however, "in order to increase the presentational similarities with the NDYP" (Dostal 2008).

until the year 2008 was, similar to the ND 25+, characterised by the fact that no "substantial extension of education or training policies" were offered (Ibid). So throughout the research period it apparently holds what was already true in the year 2000, namely that the focus as regards the labour market integration of lone parents was primarily on "job readiness, short hours of part-time work, and enhanced job search" (Millar 2000:336).

As this short description of the three most important New Deal schemes already indicated it were above all the personal advisors who apparently played an important role in the context of preparing the unemployed for their labour market entry. As this is well in line with the model of Human Capital Development which argues for a strong personal adviser (PA) approach to ensure individualised support (see table 5) there are authors like for example LINDSAY ET AL. or WIGGAN who indeed argue that the New Deal has seen some improvement as regards the incorporation of HCD elements. In 2002 for example the 'Employment Service' and the 'Benefits Agency' were drawn together and a new agency, called *Jobcentre Plus*, was created. This reform was according to WIGGAN a "specific redirection of social security to support labour market 'activation' of both traditional jobseekers and non-traditional economically inactive users of social security services" (Wiggan 2007:410). The result was that "the new agency brought clients in receipt of the principle out-of-work benefits (Jobseekers Allowance, Income Support, Incapacity Benefit) into the same service" (Ibid, p. 418). On the contrary, there are authors who argue that with the Jobcentre Plus only a new terminology has been introduced. DOSTAL for example states that for a clear majority of ND clients the new interaction with the Jobcentre Plus "amounts to a change in [the] interview regime at the Jobcentre, rather than any direct offer of active programmes" (Dostal 2008: 33). As well the Jobcentre Plus targets show that the new agency has rather been organised around the principle of Work-First than the principle of Human Capital Building. One example in this context was the so called 'Job Entry Target' (JET). The target was based on a points system and every time the staffs of a Jobcentre helped someone into a job, they were credited some points. The higher the priority of the customer group the more points were credited. Altogether, there have been five different point categories which in 2005 were divided as follows (Jobcentre Plus 2005):

Group 1 (12 points):	Lone parents and people with a health condition or disability
Group 2 (8 points):	Customers claiming Jobseekers Allowance (JSA) for more than six months, New Deals (New Deal 50 plus, New Deal 25 plus and New Deal for Young People (NDYP)
Group 3 (4 points):	Customers claiming JSA for under 6 months
Group 4 (2 points):	Unemployed not claiming benefits
Group 5 (1 point):	Employed customers

Obviously, the danger of such a 'Job Entry Target' was that the Jobcentre staff focused on those most ready for work or that the highest priority groups were tried to be placed in the next-best job that was available. A DWP research report for example argued: "it was felt that there were occasions when the focus on JET led to staff recommending unnecessary interventions in order to ensure that a job outcome could count towards their performance target" (Adams, Oldfield, and Fish 2008:7). Against this background the New Labour government in April 2006 then introduced a new tool for monitoring the Jobcentre Plus performance which was called Job Outcome Target (JOT). Compared to the 'Job Entry Target' the JOT "collects performance data automatically from Her Majesty's Revenue and Customs (HMRC) records of people flowing off the benefits register and into work" (Nunn et al. 2007:9p). It thus "measures customers entering all jobs, not just those advertised through Jobcentre Plus" (Jobcentre Plus 2006:19). The overall aim of introducing the JOT was accordingly to achieve a less resource intensive data collection for the Jobcentre Plus staff and to encourage them instead to supply a better targeted and more individualised help for benefit recipients (Adams et al. 2008:7). In order to ensure that the customers receive the amount of assistance that they really need even the JOT is characterised by a priority grouping that assigns different levels of points (Ibid, p. 7p). Lone parents and disabled people participating in the New Deal or receiving an inactive benefit belong to the priority group 1, customers claiming Jobseeker's Allowance more than six months and participating in New Deals as well as Employment Zone customers and disadvantaged customers belong to priority group 2 and customers claiming JSA for under six months belong to priority group 3 (Ibid, p. 10). As NUNN ET AL. argue this new kind of priority grouping should encourage the personal advisers "to spend time on more value-added activities, rather than on measuring and validation work with the sole aim of capturing job entry performance" (Nunn et al. 2007:10). Yet, despite these changes it still seems reasonable to conclude with DEAN who anticipated in 2003 that

the Jobcentre Plus staffs will have to "struggle to deliver the more flexible and intensive human capital approach that is required for those who are hardest to help" (Dean 2003:442). In the end it may even be the case that such a specialised help lays "beyond the capacity of welfare-to-work initiatives" (Ibid) as they were designed in Great Britain during the research period.

5.1.1.2 Employment Zone (introduced 2000)

Compared to the New Deal, which is a centrally co-ordinated national scheme, there exist as well more local and place-focused initiatives in Great Britain like the Employment Zone project, which was as well nationally rolled out and shall be described in the following. Employment Zone (EZ) is a three-stage programme that offers an alternative to the New Deal for rather long-term unemployed adults in 13 areas of severe deprivation. According to Jobcentre Plus (2009) the programme is obligatory[47] for those who:

- are aged 25 and over and have been receiving Jobseeker's Allowance for 18 of the last 21 months[48]
- are aged 18-24 and have been receiving Jobseeker's Allowance for 6 months and have previously taken part in New Deal for Young People
- have taken part in an Employment Zone programme in the last 12 months but did not complete the programme.

During stage 1, which is mandatory and lasts up to 28 days, a personal adviser together with the benefit recipient draws up an action plan which lists up the efforts that the unemployed has agreed on in order to find a job (Jobcentre Plus 2009). During stage 2, which is mandatory and lasts up to 26 weeks[49], the benefit recipient, with support from the personal adviser, carries out the efforts and activities that are listed in the action plan (Ibid). Stage 3 is a voluntary option for up to 22 weeks and the benefit recipient can choose to join stage 3 if

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47 Originally targeted on long-term jobseekers aged 25 and over, the EZs in 2003 extended their services to "young people otherwise returning to the NDYP and lone parent volunteers" (Griffiths and Durkin 2007:1).

48 "In the areas in which they operated, zones [thus] effectively replaced the New Deal 25 Plus" (Griffiths and Durkin 2007:14).

49 "Jobseekers for whom a job entry cannot be secured within 26 weeks return to Jobcentre Plus and re-qualify for EZ help after a further qualifying period of claiming benefits" (Griffiths and Durkin 2007:18).

(s)he has not found a job during stage 2 (Ibid). Typical for the EZ initiative is the concept of partnership. Even if the zones are principally managed by the Department for Work and Pensions, the major services are contracted out to so called 'Lead Partners' from the private sector, which in turn often subcontract certain aspects of these services to other agencies (Lindsay, McQuaid, and Dutton 2008:721). Beyond that the EZs are characterised by quite tailored interventions for the participants. Particularly the concept of 'benefit transfer' is characteristic in this context. It means that the long-term unemployed in the Employment Zones are able "to combine the resources available both for benefits, training and job search into a 'personal job account' which can then be used flexibly to obtain the most appropriate support for the individual" (Finn 2000:390). Against this background quantitative evidence shows that the private providers have indeed been more successful as regards the reintegration of jobseekers into the labour market than Jobcentre Plus. A report of the Department of Work (Griffiths and Durkin, 2007) for example stated that as regards the success rate of bringing benefit recipients back to work the Employment Zone programmes were more effective than the New Deal programmes. That held for all prioriy groups, even those with "multiple employment barriers" (Griffiths and Durkin 2007: 3).

However, the better results of Employment Zones seem to have nothing to do with an increased focus on human capital development. On the contrary, GRIFFITHS AND DURKIN come to the conclusion that especially the financial incentives which were given to providers in the context of placing benefit recipients on the labour market have an overriding importance (Griffiths and Durkin 2007:4). Overall the 'funding model' of the Employment Zone programme combines "a system of output related funding with a regime of benefit transfer payments" (Ibid, p. 16). Most important for receiving the output related funding is that a client receives a sustained job for 13 weeks (Ibid) while the incentives inherent in the benefit transfer payments are connected with the time that clients spend in stage two of the EZ programme. What the latter means becomes clear when reading the following quote by GRIFFITHS and DURKIN:

> "Stage Two funding in respect of mandatory customers is highly incentivised to encourage early job entry. Calculated on the basis of JSA payments over a maximum 26 weeks period of mandatory attendance, contractors' fees are scaled down to 21 weeks on the expectation that most customers will move into work before the maximum length of stay. If employment is secured in less than 21 weeks, EZs are allowed to retain any Stage Two funding which remains after benefit equivalent payments have been made, but they are also required to make up the shortfall for any customers who remain unemployed for longer than this" (Griffiths and Durkin 2007:17p).

Against this background there seems no further discussion necessary to conclude that the focus of the Employment Zone approach is on placing participants on the labour market as fast as possible. As GRIFFITHS and DURKIN observed the "interventions tend to be rather 'short' and 'sharp' [with only] little emphasis on training" (Griffiths and Durkin 2007:1). It has to be noted, however, that before Employment Zones were introduced in the year 2000, so called Prototype Employment Zones (PEZs) have been tested. Compared to the EZs they rather aimed at making the participants more employable through a "voluntary participation in socially useful projects offering a choice of training and work experience and intermediate labour market employment opportunities" (Griffiths and Durkin 2007: 12). But why these voluntary human capital elements were abandoned and replaced by mandatory participation and output-related funding has never been made clear. According to GRIFFITHS and DURKIN it seems likely, however, that the wider priorities of the New Labour government as regards the modernisation of the welfare state have increasingly pushed 'training' and 'employability' approaches aside (Ibid, p. 13).

5.1.1.3 Working Neighbourhoods (2004-2006)

While the New Deals and EZs apparently helped reducing the overall unemployment to a certain extent, the evaluations of these programmes according to DEWSON showed that they didn't come up to the expectation of specifically helping those benefit recipients that faced the highest barriers to taking up a job (Dewson 2005:13). As a result New Labour decided to improve this situation by introducing 12 pilot schemes in some of the most deprived British areas. The new programme, which related only to England however, was called 'Working Neighbourhoods (WN)' and the pilots should test "very local approaches to overcoming worklessness" during the time of two years (Ibid, p. 1). Of the 12 pilot sites, 7 were managed and delivered by Jobcentre Plus and the remaining 5 were located in existing Employment Zone areas where the EZ provider was responsible for provision and support (Dewson, 2005, p. 14). The chosen areas had approximately 4000 to 5000 inhabitants and between 35% and 50% of this population could be classified as workless (Ibid). Acknowledging that the New Deal programmes in areas like for example inner cities, former coalfield communities and seaside towns have not been able to tackle the local 'no-one works around here' culture (Jobcentre Plus 2004) the Working Neighbourhoods were designed to bring the unemployed as early as possible in contact with measures that aimed at their labour market integration.

This meant that participation in the pilots was mandatory after just three months of unemployment for everybody who claimed Jobseeker's Allowance (Dewson 2005:47). Those who claimed Income Support or Incapacity Benefits were only required "to take part in a work-focused interview […with] no requirement on these customers to participate in the pilot beyond this […]" (Ibid). Financially the WN programme was organised in a way that each of the 12 pilot schemes was provided with around £3 million a year; including circa £1 million per site per year for a discretionary fund which should give personal advisers the chance to flexibly meet the needs of the local community (Jobcentre Plus 2004). It was for example anticipated that approximately 80% of this discretionary fund would be used to tackle the absence of affordable childcare, poor transport links or other individual problems that prevent customers from moving or staying in work (Ibid). Additional incentives to take up employment were given by so called 'lump sum payments' which meant that participants who got a job received £500 after 13 weeks of their employment and further £750 after 26 weeks (Ibid).

Altogether the Working Neighbourhood approach was based on the acknowledgement that some local areas require greater assistance than others. The support that was chosen to give in this context was thus particularly characterised by buzzwords like 'early intervention' and 'structured job search training' (Lindsay et al. 2007:552). In this regard, as LINDSAY ET AL. make clear, the Working Neighbourhood approach certainly formulated a clear compulsion on the concerned jobseekers which associated it with Work First elements (Ibid, p. 553). But as the authors point out on the other hand as well, especially the discretionary funding made possible more 'holistic services' such as debt counselling, careers and skills advice, childcare and specialist services to address for example mental health issues etc. and thus established a better cooperation with local agencies (Ibid, p. 553p). Altogether this led to an increased credibility among communities which were traditionally perceived has 'hard to reach' (Ibid, p. 554) and the positive contribution of the WN project in this regard could indeed be confirmed by the work of SARA DEWSON. She found that many WN participants had the opinion that their personal advisers and the offered services were, compared to the standard Jobcentre Plus procedures, "more holistic and offered emotional as well as practical job-related support" (Dewson 2005:64).

The described approach of localised and partnership-based measures which was piloted by Working Neighbourhoods seems at least to some extent have influenced the political thinking within Great Britain as the following illustration of one successor to the WN pilot will show.

Nevertheless, despite the progress made and the rather intensive support which was given within the WN pilot, DEWSON finally comes to the conclusion that the major weakness even in this case remained a lack of the ability "to fully engage non-traditional groups or 'hard to reach' customer groups" (Dewson 2007:93).

5.1.1.4 City Strategy (introduced 2006)

More than any other approach before, the City Strategy, which was initiated by the New Labour government in 2006 and nationally rolled out, is based on the premise that local stakeholders are able to achieve better results if they work together and if they are given a wider scope to develop more tailored services that suit the local needs (DWP 2006:1). Noticeable is as well that in the context of bringing the unemployed into work the aim of 'improving skills' came to the fore and was considered to be one of the important goals of the City Strategy. The Department for Work and Pensions stated in this regard that "the strategy has the potential to develop into a major shift in the way that employment and skills provision is delivered on the ground" (DWP 2006: 1). In general terms the City Strategy aims at bringing together the most important public, private and voluntary key actors into a concerted local programme – a so called 'consortium' – which is guided by the aim of delivering "a measurable improvement in the proportion of local people who can find and progress through work" (Ibid, p. 2). As the Department for Work and Pensions made clear: "[T]he focus will be on results, not on prescribed process, and reward funding will be paid to consortia that reach their targets" (DWP, 2006, p. 2). Regarding their qualitative work the towns and cities are allowed to develop the major proposals and ideas by themselves. The government does not set out in detail what the consortia are supposed to do and how they have to respond to their concrete local problems (Ibid, p. 3). Altogether 15 so called 'pathfinder' areas have been chosen in 2006 in order to test the approach of the City Strategy. Originally they were due to finish in March 2009 but the government agreed to extend DWP's support for all pathfinders for a further two years until March 2011 (DWP 2009:4).

Compared to the programmes and approaches that have previously been illustrated in this chapter the City Strategy referred to the concept of human capital development in a way that appeared to be more sustainable for benefit recipients. Especially the fact that key stakeholders from the public, private and voluntary sectors were brought together into a so called 'consortium' meant that the employment and the skills system, which have been largely

separated in Great Britain, were recognised in a more integrated way. For example the Jobcentre Plus started to work more closely together with the Learning and Skills Council (LSC) which is responsible for planning and funding high quality education and training for everyone in England other than those in universities (LSC 2007). Beyond that the LSC worked together with employers who aimed at supporting their employees with further developing their skills (Ibid). Thus, the idea of bringing together the LSC with Jobcentre Plus in a consortium that coordinates the activities of helping the jobless back to work meant that even the link between work first and human capital approaches became closer. What gave rise to optimism that this 'moving together' would really pay off for benefit recipients in terms of a more intensive human capital development was the fact that the institutional change seemed to be backed up by a new political discourse on the delivery of employment and skills. For example, having a look at the so called 'Business Plans' that the different City Strategy Pathfinders formulated in order to illustrate their objectives and delivery mechanisms, one could recognize that the relevance which was attributed to the development of skills significantly gained in importance. The 'Business Plan' of the Birmingham, Coventry and Black Country City Region mentioned as its' first objective the aim of increasing skill levels to ensure that "the workforce has the skills to compete in the global economy by delivering an employer led and skills for growth agenda" (City Strategy Business Plan 2007:2). Beyond that the business plan aimed at creating an 'Integrated Employment and Skills System' which should match "the job and skills requirements of employers with programmes to assist workless individuals" (Ibid, p. 4). Furthermore, clients should not be referred to a personal adviser anymore, but to an 'Employment and Skills Coach' who, together with the benefit recipient, would develop an individual 'Jobs and Skills Action Plan' (Ibid, p. 22). As well in London a so called 'Skills and Employment Board' was created, which aimed to ensure that its work was "driven by the needs of employers and that skills provision meets the existing and future needs of the London workforce" (LSEB 2008).

These are only two examples which make clear how the 'pathfinders' in the scope of the City Strategy were trying to design a new framework by which employment and skills policy could be better linked. Overall, it has to be noted that most of the 'Business Plans' have obviously been influenced by the *'Skills Strategy'*, which the Labour government set out in 2005 with its White Papers 'Skills: Getting on in business, getting on at work' (March 2005), and 'Further Education: Raising Skills, Improving Life Chances' (March 2006). In 2006 the strategy has then been developed further by the so called 'Leitch Review' ('Prosperity for all in the Global

Economy: world class skills') and it was this review on which nearly every 'Business Plan' of the City Strategy pathfinders was based. Having been conducted by Lord SANDY LEITCH, the report tried to illustrate what Great Britain needed to do to ensure a competitive society in 2020. To put it in a nutshell, LEITCH concluded that skills needed to become one of Great Britain's key strengths as he assumed that the employment opportunities for the lowest skilled would decline and that economic security would increasingly be dependent on ensuring an 'updating' of skills (Leitch 2006:9). Accordingly, the main recommendations of the 'Leitch review' included the creation of a "new integrated objective for employment and skills services" and a network of 'Employment and Skills Boards' which would give employers "a central role in recommending improvements to local services" (Leitch 2006:23). Beyond that he suggested "a new programme to help benefit claimants with basic skills problems" (Ibid). Against this background the City Strategy thus principally offered a good opportunity for putting the issue of 'upskilling' at a more centre stage of British policy-making generally but it offered as well a good opportunity to better integrate the concept into attempts of helping especially the benefit recipients to move in and stay in work.

5.1.2 Towards a better reconciliation of work and family?

The reconciliation of work and family is an important issue for Great Britain that has repeatedly been addressed by European recommendations. Primarily, the country was recommended to pursue its efforts of improving the provision of sufficient and affordable care services for children, with a view to making it easier for men and women with parental responsibilities to take up employment (Council of the European Union, 2001; 2002; 2003; 2004). In 2001 the European recommendations for Great Britain concretely pointed out that the gender gap in employment attributable to the impact of parenthood was the highest in the EU. It was therefore noted that an improvement of the balance in representation between women and men across occupations should be the aim. Against this background the major reforms in the context of parental leave, childcare services and childcare subsidies shall be summarised in the following.

5.1.2.1 Parental leave

Especially women's labour supply is affected by the way parental leave systems are designed and since 1998 there have actually been introduced some significant changes by the New Labour government.

1999 Employment Relations Act

First of all the Employment Relations Act from 1999, together with the regulations laid down in the Maternity and Parental Leave Regulations 1999, determined that British mothers can have up to 18 weeks paid maternity leave (OPSI 1999:87) and therewith extended the benefit period by four weeks. Beyond this extension as regards maternity leave, however, New Labour even introduced a new entitlement to 13 weeks of *parental* leave, which, indeed, was unpaid and only granted to parents of children under the age of 5 (Maternity and Parental Leave Regulations 1999:6).

2002 Employment Act

Based on the Green Paper 'Work and parents: Competitiveness and Choice' the rights of working parents were further extended by the Employment Act of 2002. Maternity Leave for example was increased to 26 weeks 'Ordinary' Maternity Leave (paid) and those mothers who before the birth of their child were continuously employed for one year could make use of further (unpaid) 26 weeks called 'Additional' Maternity Leave (CompactLaw 2002). Apart from the pay the major difference between Ordinary Maternity Leave and Additional Maternity Leave relates to the rights of the mother when returning to work. Taking up employment after 26 weeks of Ordinary Maternity Leave means that women can work in the same job as before and taking up employment after Additional Maternity Leave means that the employer has not to keep the job open for them but can offer an appropriate alternative one (TUC 2013b). The Employment Act introduced as well two weeks of paid paternity leave for fathers "which must be taken before the end of a period of at least 56 days beginning with the date of the child's birth" (OPSI 2002). Beyond that the Employment Act codified that parents of children aged under 6 and of disabled children aged under 18 have the right to apply for changing "the terms and conditions of their employment relating to the hours worked, the times and place of work or some other term in their contract" (CompactLaw 2002). Yet, as some authors pointed out this new right for employees was only a "right to request" the employer about the possibility to work flexibly (Lewis and Campbell 2007:374).

In this regard LEWIS AND CAMPBELL for example criticised that the employer was not obliged to grant this request and therefore described the new rules as a 'lighttouch' legislation (Ibid).

2006 Work and Families Act

The Work and Families Act further extended the rights of employed parents with the most noteworthy change being a modification of the pay that women are able to receive during their time of maternity leave. For mothers who gave birth to a child after the 1 April 2007 the so called Statutory Maternity Pay (SMP) was extended from 26 to 39 weeks (LVSC 2013:2) so that from this time on even the first 13 weeks of additionally maternity leave could be 'paid' (TUC 2013b). During the first six weeks of leave a mother could according to the new rules receive 90% of her average earnings and thereafter a "standard rate of £112.75 [in 2007] or 90 per cent of average weekly earnings, whichever is lower" (Thompsons Solicitors 2013). Between 1997and 2007/08, as BEN-GALIM and GAMBLES identified, New Labour therewith almost doubled the statutory maternity pay (Ben-Galim and Gambles 2008:188). Principally, women received SMP if they as an employee had been „continuously employed with their employer for at least 26 weeks' service by 15 weeks before the week her baby is due" and if their „normal weekly earnings, averaged over the period of eight weeks […]" have not been "less than the lower earnings limit for National Insurance purposes" (LVSC 2013:6). Those women who were not entitled to SMP could receive the so called 'Maternity Allowance' which was paid to mothers who could not produce the demanded 'qualifying period' for SMP, who did not have enough earnings or who were unemployed respectively self-employed before the birth of their child (TUC 2013a). As regards the length of the Statutory Maternity Pay it has to be noted that the Work and Families Act originally aimed at an extension to 52 instead of 39 weeks (OPSI 2006). However, in 2006 the government stipulated a 'staged implementation' towards the 52 weeks of SMP and then never specified a concrete date for the last increase of the pay period (CPAG 2006) During the research period the SMP thus remained to be payed only for 39 weeks. Another important change that was introduced concerned the 'Additional Maternity Leave' as the previously defined qualifying period was abolished. Thus, since April 2007 all employed women, independently of how long they have been employed, have the right to 26 weeks of AML (Ibid). The Work and Families Act in 2006 announced as well that even employed fathers should gain the right of 'additional paternity leave' during the months before a child's first birthday. But first of all this right has not been implemented earlier than 2010 with the so called 'Additional Paternity Leave

Regulations' and secondly there was a lot of scepticism as regards the attractiveness of this new right since fathers were assumed to loose too much of their earnings compared to the compensation granted by the paternity leave regulations (Lewis and Campbell 2007:373). In this regard LEWIS and CAMPBELL point out that even the British government expected the „take-up of the new right to 'additional paternity leave' to be negligible" (Ibid).

But as well the significant extensions of paid maternity leave from 14 to 39 weeks (and the announcement of a further extension to 52 weeks) have in parts been heavily criticised. NICOLA BREWER for example, the chief executive of the Equalities and Human Rights Commission (EHRC), a non-departmental public body, stated that the comprehensive extension of maternity leave would be a "sabotage of women's careers" (Bennett and Ahmed 2008). She said further that the generous maternity benefits would support the rather traditional argumentation of the mother being the carer for the children instead of paving the way towards considering both parents as being equally responsible (Ibid). As a consequence employers would still 'think twice' before offering a job to a woman or a mother respectively (Ibid). Against this background the EHRC therefore proposed a greater flexibility in the parental leave system and above all the introduction of a more gender neutral parental leave (EHRC 2008). Obviously such an approach did not correspond to the plans that the British New Labour government pursued during the chosen research period; but it makes clear that a new, non-governmental discourse appeared to be emerging. It was based on the assumption that the parental rights which were introduced in Great Britain over the past decade continued to manifest an unequal division of caring between men and women and that new policy designs were needed in order to enable more women to take up employment.

5.1.2.2 Childcare services

In 1997, as LEWIS and CAMPBELL point out, Great Britain "was near the bottom of the EU child care league tables" (Lewis and Campbell 2007:372). What the New Labour government tried to change since then shall be illustrated in the following.

National Childcare Strategy (1998)

One of New Labour's most important policy initiatives in the context of reconciling work and family was the 'National Childcare Strategy' in 1998. The major strategy document 'Meeting the Childcare Challenge' set out quite ambitious plans and was used by the government to

formulate the aim of ensuring "good quality, affordable childcare for children aged 0 to 14 in every neighbourhood, including both formal childcare and support for informal arrangements" (DfEE 1998). Quite specifically it was for example announced that all four-year olds should have access to an early education place by September 1998 with the intention to extend these possibilities even to the three year olds (Ibid). As regards the delivery and the achievement of these goals the New Labour government decided to rely on local partnerships, the so called Early Years Development and Childcare Partnerships (EYDCPs), which were composed of "local authorities, parents, the voluntary sector, TECs, further education colleges, schools, health authorities, church groups and businesses" (Harker 1998:459). According to EVERS ET AL. this 'partnership working' was an attempt of the New Labour government to face the fragmentation of British childcare provision which to a large extent was offered by the private sector[50] (Evers, Lewis, and Riedel 2005:197). Other authors therefore point out that these local partnerships were presented as a commitment to emphasise the participation of the British civil society (Penn and Randall 2005:86) and their major task was to find out how the actual childcare demand looked like, if it matched the available supply and to develop the corresponding 'local childcare plans' on this basis (Ibid, p. 80). By 2001 the functions of the EYDCPs were described as follows:

- " to identify and map childcare provision and needs among all groups within the area,
- to work collaboratively with voluntary, community and private providers to increase availability and accessibility of provision,
- to ensure quality of provision,
- to ensure provision is affordable for groups who might otherwise be excluded, and
- to ensure good and accessible information on services available" (Penn and Randall 2005:87).

Apart from these Early Years Development and Childcare Partnerships several 'early years initiatives' have been developed which were targeted at the most disadvantaged areas. Among

50 As regards the development of the childcare provision by the private sector during my research period BALL and VINCENT assumed the following: "The sector is currently experiencing a period of mergers and acquisitions among the larger operators, with Nord Anglia (its nursery division operating under the name of Princess Christian) buying two other major but struggling chains, Leapfrog and Jigsaw earlier this year. Asquith Court, the former market leader, and kidsunlimited also merged this summer to form the Nursery Years Group. More mergers and acquisitions are likely to follow, resulting, eventually, in perhaps three or four major players dominating the market (although independent small businesses are unlikely to completely disappear)" (Ball and Vincent 2004:3).

them were the *Sure Start Local Programmes* (SSLPs) which aimed at better life chances for children younger than four years and which offered the following five core services: (1) "outreach and home visiting", (2) "support for families and parents", (3) "support for good quality play, learning and childcare experiences for children", (4) "primary and community health care" and (5) "support for people with special needs […]" (Ellison, Hicks, and Latham 2006:4p). As regards the coverage of this programme the British Prime Minister TONY BLAIR stated in 2002 that the New Labour government since 1999 had invested more than £450m in order to make available almost 340 sure start centres for the most disadvantaged areas (Blair 2002a) Another 'early years initiative' that has to be mentioned were the *Early Excellence Centres* (EECs) which primarily focused on the integration of early education and childcare for children younger than five years and aimed as well on reaching the most socially deprived children and their parents (House of Commons 2010) By the year 2003, as the Office for Standards in Education declared, 107 EECs had been created (Ofsted 2004). Last but not least, the *Neighbourhood Nurseries Initiative*, which was launched in 2001, aimed at the expension of childcare services in order to raise employment rates in the most disadvantaged communities (Maisey 2007).

Trying to identify the overall picture behind the development as regards the mentioned 'early years initiative' JANE LEWIS argued that first and foremost there was a change in the general thinking about childcare. While British governments traditionally pursued an approach that put the 'one-to-one provision' into the focus, either by the mother herself or a childminder, the new political thinking was much more centred on the idea of 'collectively provided childcare' (Lewis 2003:221p). The reason why this idea of collectively provided childcare became so prominent was that it fitted into New Labour's economic thinking which according to LEWIS considers "childcare as a means of raising children's future prospects by improving early years provision and by allowing their parents (especially lone mothers) to earn" (Ibid, p. 220). Overall, the change in the general thinking about childcare in Britain thus comprised as well that state subsidies were first and foremost provided for services that can be subsumed under the heading of 'education' rather than 'care' (Ibid) and resulted in an *increasing* importance of day nurseries which followed this 'educational path' and a *decreasing* importance of for example playgroups and childminders (Ibid, p. 231,234). The latter has been confirmed by for example authors like PENN and RANDALL who spoke of a decline in

childminding which comprised 60.400 places between the years 1997 and 2001 (Penn and Randall 2005:80).

Altogether the state subsidies that New Labour granted for expanding childcare services had kind of a start-up character with the expectation being that the provision of childcare would be 'self-sustaining' after an initial support from governmental funds (Evers et al. 2005:202). One major question thus was (and still is) if such an approach would really lead to a sustainable development in the context of providing good quality childcare services. As EVERS ET AL. for example mentioned in this regard, the National Audit Office declared that while 626 000 new childcare places had been provided between the years 1998 and 2003, 301 000 of them did not exist anymore in the year 2004 due to financial problems (Ibid, citing Strategy Unit, 2002).

Further criticism as regards the implementation or the delivery of the National Childcare Strategy related to the design of the Early Years Development and Childcare Partnerships (EYDCPs). While the government expected that the partnerships could overcome a certain 'fragmentation' in this policy field (Penn and Randall 2005:89) the reality obviously couldn't catch up with these expectations. According to a case study especially the voluntary sector members perceived the cooperation as unsatisfying as they considered their own status much lower than that of the local authority officers (Ibid, p. 91). As PENN and RANDALL conclude "[t]here appears to be an imposed hierarchy of child care facilities with the voluntary sector at the bottom" (Penn and Randall 2005:91) and consequently "in many EYDCPs there was, or was widely perceived to be, considerable inequality of participation and influence in the decision process" (Ibid, p. 90). Apparently it were especially the specific deadlines and policy targets which were formulated by the central government that led to a domination of the dialogue by officers of the local authorities (Ibid, p. 94). In almost the same way EVERS ET AL. argue that the EYDCPs indeed coordinated the development of the local childcare provision but that the qualitative determination of this development was more or less dictated by the funding modalities of the New Labour government (Evers et al. 2005:203). Even the inter-departmental childcare review 'Delivering for Children and Families', which was published in 2002, four years after the initiation of the National Childcare Strategy, was very critical as regards the government's childcare policies. Above all it pointed out that:

> "there are far too many uncoordinated programmes relating to child care which have their own funding streams, planning and bidding processes and targets. Accountability is unclear as EYDCPs have no legal status or bank account. In addition, they do not have full control of either the means or the mechanisms to deliver the numerous targets set by central government. [Beyond that] the existence of similar but differently named and separately branded initiatives (Sure Start, Early Excellence Centres, Neighbourhood Nurseries) only serves to confuse the picture" (Cabinet Office 2002:13).

However, New Labour has tried to solve these problems and one attempt in this regard was the ten-year childcare strategy.

Ten-year childcare strategy[51] *(2004)*

In December 2004 the government's ten year childcare strategy was launched and above all it announced the creation of 2.500 so called Sure Start Children's Centres by 2008 and 3.500 by 2010 (HM Treasury 2004). According to a report of the Children, Schools and Families Committee this 'shift' to Children's Centres had specifically been caused by unsatisfying evaluation results as regards the previously existing 'Sure Start Local Programmes' but as well by an overall quite confusing picture that was presented by too many different early years initiatives (House of Commons 2010). As a result the government tried to pursue a more inclusive and embracing approach and the Sure Start Children's Centres thus replaced most of these initiatives, like for example the mentioned 'Sure Start Local Programmes' but as well the 'Early Excellence Centres' (Ibid). Remarkable in this regard was first and foremost the change of character that accompanied the establishment of the new Sure Start Children's Centres. While the previously existent Sure Start Local Programmes (SSLPs) had only "to provide support for good quality play, learning and childcare experiences for children" (House of Commons 2010) the new Sure Start Children's Centres[52] were clearly focused on

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51 The reader has to mark that "the 10-year childcare strategy relates only to England with slightly different strategies in place in Wales and Northern Ireland, and an ambitious new 10-year early years and childcare strategy for Scotland due in 2008" (Waldfogel and Garnham 2008:7).

52 As a basis the Sure Start Children's Centres all had to make the following 'core offers':

- "Information and advice to parents on a range of subjects including looking after babies and young children, the availability of local services such as childcare;
- Drop-in sessions and activities for parents, carers and children;
- Outreach and family support services, including visits to all families within two months of a child's birth;
- Child and family health services, including access to specialist services for those who need them;
- Links with Jobcentre Plus for training and employment advice; and
- Support for local childminders and a childminding network" (House of Commons 2010).

the concept of integrating 'early education' and 'care' (Ibid). Beyond that the Sure Start Programme initially aimed at improving "parenting", as QUARMBY called it, while the concept that was pursued with the Sure Start Children's Centres clearly was the promotion of "parents' employment" (Wincott 2006:296p). The quality of the Sure Start childcare provision should according to the ten-year childcare strategy be secured by an increased funding which was announced to comprise £125 million each year from April 2006 (HM Treasurey, 2004, p. 1). One of the most severe problems in this regard was, however, the problem of recruiting the staff that was needed for the Children's Centres. As BALL argued in 2004 "nursery assistants in the private sector receive an average starting salary of £4.50 an hour, going up to £4.80. Qualified nursery nurses earn £4.92 going up to £5.30 an hour. Even nursery managers' top rates of pay bring them little over £8 an hour" (Ball and Vincent 2004:5). Realizing that according to estimations between 175.000 and 180.000 persons were needed in the childcare provision sector between the years 2003 and 2006 (Ibid) makes the problem quite obvious and makes one sense that the implementation of a qualitatively good childcare provision in Great Britain was everything else but a self runner.

Apart from the described plans in the context of the early years initiative 'Sure Start' the ten-year childcare strategy announced as well that by the year 2010 all children between the age of 3 and 14 shall have an out of school childcare place at every weekday between 8am and 6pm (HM Treasury, 2004, p. 1). These plans were tried to be implemented with the help of the so called 'Extended Schools' approach that was first introduced in 2003 by DfES (Burkard and Clelford 2010:8). By 2010 all schools should provide access to so called 'core offers' which according to BURKARD and CLELFORD comprised the following: (a) "childcare (8am-6pm, 48 weeks a year for primary schools and special schools)"; (b) activities such as "study support, play/recreation, sport, music, arts and crafts" etc.; (c) "access to targeted and specialist services such as speech and language therapy"; (d) "parenting support including family learning" and (e) "community access to facilities including adult and family learning, ICT and sports facilities" (Ibid). Interesting to note is that schools do not necessarily have to provide all the services by themselves and that they do not have to offer it at all if there is no local need for a particular service (Ibid).

Childcare Act (2006)

The Childcare Act passed into law on 11 July 2006 and was only concerned with the early years childcare provision. The reader has to mark, however, that this was no nationwide Act

and related only to England and Wales (Waldfogel and Garnham 2008:7). The measures as laid down in the Act formalise the responsibilities of the Local Authorities (LAs), which were already described by the ten-year childcare strategie, and require them to improve the five so called 'Every Child Matters (ECM) outcomes': being healthy, staying safe, enjoying and achieving, making a positive contribution and economic well-being (DfES 2003:6p). In order to ensure that children are helped to reach these outcomes a so called Early Years Foundations Stage (EYFS) was launched (in 2007) which should set corresponding standards and qualify all those who work with and take care of children under the age of six (Burkard and Clelford 2010:25). According to BURKARD and CLELFORD the EYFS in 2010/11 had a budget of £315 million (Ibid).

The Children's Plan (2007)

In 2007 the New Labour government introduced the so called Children's Plan in order to give the needs of families and children a more central place on the political agenda (DCSF 2007). The reader has to mark, however, that this Children's Plan was not a nationwide programme and related only to England. As regards the development of childcare services the Children's Plan announced that the government would invest further £100 million over three years to extend the offer of free childcare places to 20,000 of the most disadvantaged two-year-olds (Ibid, p. 9). The vast majority of this budget thus comprised the Sure Start services described elsewhere and BURKARD and CLELFORD made clear that the Children's Plan as such had to be described as nothing but ambitious: "in 2010-2011, it will cost £5 billion – enough to fund eight additional teachers in every primary school in England" (Burkard and Clelford 2010). Yet, despite the fact that the government still put the most disadvantaged children into the discursive focus and repeatedly pointed out that they in particular would profit from the Sure Start services, New Labour had to meet with criticism. Originally the Sure Start Programme was indeed designed to help the most disadvantaged families and to support them during the time until their children reached the age of four years. But since New Labour's 'Every Child Matters' initiative, which was mentioned above and which related to England and Wales, the coverage was extended to comprise all families and the support was granted until the children reached the age of 14 years (Ibid). Against this background the House of Commons Health Select Committee in 2008 already worried about concerns that Sure Start programmes "were being 'colonised' by the middle classes, who enjoyed the cheap, high quality childcare they offer and that extending provision universally would further dilute their focus on those who

need them the most" (House of Commons 2009:56). The report of the committee then further concludes: "It is absolutely essential that early years interventions remain focused on those children living in the most deprived circumstances […]" (Ibid, p. 57). If children's services should be targeted or universal has thus been a matter of dispute during the research-period, even if New Labour's overall commitment to 'universal childcare' in their 2005 general election manifesto has been very clear (Wincott 2006:287).

Altogether it can be concluded with CASEBOURNE and DENCH that in Great Britain the debate during my research period seems to have shifted towards childcare becoming "a key part of the modern welfare state" (Casebourne and Dench 2005). Of course, in 2010 the authors CAMPBELL-BARR and GARNHAM in their report 'Childcare: A review of what parents want' still concluded that "[d]espite the increase in childcare places in England, 93 per cent of local authorities report gaps in childcare provision […]" (Campbell-Barr and Garnham 2010:ix). But nevertheless, the overall positive development has of course to be considered and shall by no way be narrowed. In 2008, for example, there existed slightly above 2.5 million registered childcare places in England which according to the research of PHILLIPS ET AL. resembled a 33 per cent increase from the year 2003 (Phillips et al. 2009:36, table 4.1).

5.1.2.3 Childcare subsidies

Apart from direct investments in childcare services it is especially the financial support that families with childcare costs receive which plays an important role as regards the parental take up of employment. In Great Britain this support is given by 'tax credits' and until October 1999 a so called 'childcare disregard' in the ‚Family Credit' was the main benefit. It offered help with childcare costs insofar as 70% of the childcare costs could be disregarded from the family's income with the overall limit of these costs being £60 a week (House of Commons 1998:14). This meant that £42 (£60 x 70%) of the family's income were not considered when the Family Credit was calculated (Ibid). In June 1998 the disregard was increased to £100 but only when there were two or more children (Ibid). However, as the granted disregard could not influence or change the maximum amount of the Family Credit as such it was criticised that "those families with incomes low enough to be receiving maximum Family Credit without the disregard cannot benefit" (House of Commons 1998:14). Overall

the Family Credit was available to lone parents that worked 16 hours per week or more and to couples where both partners worked 16 hours per week or more (Ibid, p. 15).

Working Families' Tax Credit (1999)

In 1999 the New Labour government replaced the Family Credit by the 'Working Families' Tax Credit' (WFTC). According to CLASEN the major goal of this reform was to associate the new scheme "more explicitly within the context of paid employment" and to widen "the gap between out-of-work benefits and transfers for people in work […]" (Clasen 2005:176). While the childcare element of the new WFTC remained to be worth 70% of the childcare costs the overall limit of theses costs was raised to £100 per week for one child and £150 per week for two children or more (House of Commons 1998:15). This meant a maximum support of £70 per week (£100 x 70%) for a family with one child, and £105 per week (£150 x 70%) for a family with two children or more (Ibid). From April 2001 the overall limit was again raised to £135 for one child and £200 for two or more children (HM Treasury 2001). The result of all these measures was that between the years 1997 and 2003 the number of parents who received wage subsidies almost doubled to about 1.4 million families in February 2003 (Clasen 2005:176).

Like the previous Family Credit even the WFTC was available to any lone parent that worked 16 hours per week or more and to any couple where both partners worked 16 hours per week or more (House of Commons 1998:15). But in contrast to the former 'Family Credit' the maximum support of the childcare disregard "will [even] be available to those with low enough incomes to be on the maximum WFTC (before the childcare tax credit is calculated)" (Ibid). Yet, as EVERS ET AL. argue, it remained still kind of a problem that parents with low-incomes did not receive a completely free childcare service. As a result they obviously rather used the cheaper *informal* care by for example grandparents or other relatives which, however, was not always compatible with one major aim that New Labour during the research period pursued, namely to focus on more educational aspects in the context of childcare provision (Evers et al. 2005:202).

Working Tax Credit (2003)

In the year 2003 the New Labour government aimed at streamlining the existing tax credits and replaced the Working Families Tax Credit by the Working Tax Credit (WTC). Above all this meant that even working people on low incomes *without* children became eligible for this

tax credit while the rules for working people *with* children remained the same as described above. In the scope of the 'ten-year childcare strategy' (2004), the overall limits of the WTC's childcare element have from April 2005 again been raised to £175 a week for one child and £300 a week for two or more children (Daycare Trust 2005). Beyond that the maximum proportion of costs that could be claimed has been raised from 70% to 80% by April 2006 (Ibid). Accordingly, the maximum childcare element that parents could get in 2009 was either £140 a week (£175 x 80%) for one child or £240 a week (£300 x 80%) for two or more children (HMRC, 2009a; Directgov, 2008). Principally the childcare element is paid additionally to the amount of Working Tax Credit that a person is eligible for.

Child Tax Credit (2003)

In the scope of establishing the 'Working Tax Credit' in 2003 the New Labour government introduced as well the so called 'Child Tax Credit'[53], which is a means-tested benefit like all other tax credits that have been mentioned above. Compared to the childcare element of the 'Working Tax Credit' it is paid to families with children *independently* of any labour market participation. Principally the Child Tax Credit has several elements. The two major ones are (a) the 'family element' which has to be considered as a basic or general support for every family independently of how many children they have and (b) the 'child element' which then is paid for every child individually and in addition to the 'family element' (HMRC 2013a). In 2008/2009 the maximum amount which was paid as the so called 'family element'[54] was £545 a year (Directgov 2008) and the so called 'child element' amounted to a maximum of £ 2.085 per year (Ibid). Altogether it has to be mentioned that the Child Tax Credit is paid on top of any 'Working Tax Credit' or 'Child Benefit' that parents are able to get. The latter is a tax-free payment for parents who are responsible for a child younger than 16 years old and in 2008/2009 the Child Benefit amounted to £18.80 a week for the eldest or only child and a lower amount of £12.55 a week for further children (Directgov 2008).

Employer-supported childcare (2005)

Already since 1989 employers in Great Britain offer so called childcare vouchers to their

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53 The Child Tax Credit replaced the former Children's Tax Credit which was available from 2001-2003 and comprised a maximum tax reduction of £529 per year for any tax payer who had a child younger than 16 years old. (http://www.poverty.org.uk/policies/tax%20credits.shtml)

54 In the year of a child's birth the 'family element' is doubled by the so called 'baby-addition' (Directgov, 2008).

staff. The childcare voucher scheme is not means-tested and it is organised in a way that employees get the vouchers instead of cash as part of their salary. Until April 2005 these vouchers were exempt from National Insurance Contributions (NICs) but the employees had to pay tax on the value of the childcare vouchers they received (HMRC 2004). They were exempt from tax "only when provided with a place in a nursery or crèche on the employer's premises, or one that was wholly or partially funded and managed by their employer" (Ibid). According to the new rules which the British government introduced in 2005 this exemption principally remained, but employers became able "to contract direct with a registered childcarer or approved home-childcarer […] on behalf of their staff" (HMRC 2004). Alternatively they were allowed to provide childcare vouchers free of tax and NICs – up to £50 a week and £ 217 per month (£55/ £243 since 2006) – which their employees could use for the kind of childcare provision that they preferred (Ibid). The savings for employees which resulted from these new rules were substantial when making oneself clear how the so called 'salary sacrifice' in exchange for vouchers works: "You give up £1.000 of salary but after tax & NI that's only worth £700 in your pocket. In return you get £1.000 of vouchers so you're £300 per grand better off" (Lewis 2012). Against this background the charity 'Employers for Childcare' for example estimated that in 2005 one could have saved up to £ 71 per month on registered childcare if being a basic rate tax payer and up to £ 89 per month if being a higher rate tax payer (employersforchildcare.org 2006). As even the companies on vouchers up to the value of £ 50 per week could save 12.8% on National Insurance Contributions the 'Employers for Childcare' pointed out that the new arrangement gained all the actors that were involved (Ibid). It has to be marked, however, that childcare costs could only be met *either* through employer-provided vouchers *or* through tax credits. As an aid to orientation HM Revenue & Customs had calculated that those who received tax credits of more than £545 per year (or £1090 per year if they were entitled to the 'baby-addition') and whose childcare costs did not exceed £175 per week if having one child or £300 per week if having more than one child would be better of by using the tax credits instead of accepting childcare vouchers (HMRC, 2009b).

Yet, already in September 2009 the then Prime Minister GORDON BROWN announced plans that envisaged to completely abolish the NIC's and tax exemptions for employer-provided childcare vouchers and to instead use the money (£500m for the year 2008-09) to extend free childcare services for children of the age of two (Peacock 2009). According to BROWN the voucher-scheme was 'badly targeted' with to many higher earners profiting from the

exemptions (Swain 2009). Instead, as the Prime Minister said, "the money would be better spent on nursery places for deprived children" (Ibid). Nevertheless, within his own party the political pressure against these plans was apparently so high that GORDON BROWN'S plan was withdrawn only a few weeks later (Ibid). At the end, however, the party could reach a compromise which determined that from April 2011 the NIC's and tax exemptions for high earners were only shortened depending on their income level[55] (HMRC 2013b).

Altogether it can be asserted that the reforms introduced by New Labour in the context of childcare subsidies have been quite substantial. According to LEWIS and CAMPBELL "the value of child care subventions for low-earning parents was more than 16 times greater in 2004 than in 1998, having risen from £46 million to £884 million" (J. Lewis and M. Campbell, 2007, p. 372p). As indicated above the reform of the childcare voucher scheme meant as well significant increases in public expenditure in the context of supporting parents with their childcare costs. Nevertheless, such figures have to be compared to the *actual* childcare costs that accumulate and doing so reveals that despite increased tax credits and tax exemptions: childcare in Great Britain remains the most expensive in Europe (Casebourne and Dench 2005). The Daycare Trust calculated that in 2006 parents in Great Britain still had to pay about 75% of their total childcare costs, compared to a European average of 30% (Daycare Trust 2006).

5.2 Party political discourse

During the research period between 1998 and 2008 there have been two parliamentary elections in Great Britain. But for a better description of the party political situation the election of 1997 seems helpful as well. The results have been as follows:

[55] Concretely the HMRC report stated: "If you joined your employer's scheme on or before 5 April 2011 you can get up to £55 each week, or £243 each month free of tax and NICs. If you joined your employer's scheme on or after 6 April 2011 you can still get up to £55 each week free of tax and NICs if your employment earnings are not more than the higher rate threshold. If your earnings are more than the higher or additional rate thresholds then the amount you can get free of tax and NICs is reduced" (HMRC 2013b:2).

Table 9: Parliamentary election results in Great Britain between 1997 and 2008.
Source: (http://www.electionresources.org/uk/):

	1997	**2001**	**2005**
Labour	43,2	40,7	35,2
Conservatives	30,7	31,7	32,4%
Liberal Democrats	16,8%	18,3%	22,0%

The results of all other parties that participated in the elections were below 3% and have thus not been incorporated in the illustration above. As New Labour won the majority of votes in all three elections there was no governmental change during the research period. Nevertheless even the Conservatives are chosen for the party-political discourse analysis that will be pursued in a following chapter. They are representing by far the strongest oppositional party and it can thus be assumed that their party-political discourse is not insignificant for the development of welfare policies in Great Britain.

5.2.1 New Labour Party

Between 1997 and 2010 New Labour has governed Great Britain. When scrutinizing the most important party documents as well as the existing literature, the following picture as regards the party's discourse towards the welfare state, and particularly towards the relationship between labour market participation and social security benefits, emerges.

5.2.1.1 Idea of man

In its 1997 manifesto New Labour claimed that it principally believed in a society where people "do not simply pursue [their] own individual aims but where [they] hold many aims in common and work together to achieve them" (New Labour Party 1997). As regards the citizen in the context of the welfare state, however, New Labour obviously assumed that workless people might have a certain lack of will to assume responsibility for their own life. According to TAYLOR-GOOBY ET AL. DWP and Treasury representatives for example argued: "workless people, not only do they lack skills but they also have a state of mind problem […] so we try

to change their mindset and help them realise that they would be better off in work […]" (Taylor-Gooby, Kananen, and Larsen 2001). So, in contrast to the Swedish Social Democrats, who argued that human beings need to feel secure in order to 'dare to try their wings' (Göran Persson), the British New Labour Party apparently had a quite different viewpoint. In order to cope with contemporary challenges people were assumed to be in need of opportunities instead of security and as will be shown in the following this assessment has significant implications for New Labour's vision for the future of the British welfare state.

5.2.1.2 Political vision for the welfare state

Especially with their approach of "expanded tax-financed social spending" the Labour party had lost the general elections throughout the 1980s and at the beginning of the 1990s (Taylor-Gooby et al., 2001, p. 15). In the following the party thus presented a new discourse with its 1997 election manifesto and set out the programme of 'building a modern welfare state' (Ibid). As ANDERSSON points out this new discourse was construed around the idea that a new economic stage had been reached, which made it necessary to overcome 'old' traditions like the patriarchal family or the Keynesian welfare state (Andersson 2006b). Characteristic for the new discourse was as well the argumentation that social justice and economic efficiency can be reconciled. Yet, New Labour aimed at achieving social justice primarily in the sense of 'equality of opportunity' as TONY BLAIR made clear: "Our goal is a Britain in which nobody is left behind; in which people can go as far as they have the talent to go; in which we achieve true equality - equal status and equal opportunity rather than equality of outcome" (Blair 2002a). Critics claimed, however, that such an 'equality of opportunity' approach was not sufficient for levelling out the diverging outcomes among social groups (Andersson 2006: 450) and rather tended to focus on ensuring certain minimum standards (Powell 2002: 25). In this sense redistribution would rather become a concept that focuses on possibilities than on resources (Ibid, p. 25). Beyond the attempt of reconciling social justice and economic efficiency it was as well the notion of investment that became central to New Labour's social policy discourse. As ANDERSSON already mentioned the 'modernisation' of welfare policies increasingly meant to transform "costs into investments" (Andersson 2006: 452).

Yet, independently of the question to what extent New Labour's focus on the equality of opportunity should be criticised or not, it can be concluded with ANDERSSON that the party's

vision for the welfare state was based on the argumentation that a new stage of capitalism required a new role for the welfare state and that security should not be awarded in the form of a 'safety net' but rather resemble a 'springboard' that fosters skills and opportunity (Ibid, p. 450).

5.2.1.3 Social security benefits – what shall they deliver?

The governmental Green Paper 'New ambitions for our country: a new contract for welfare' from 1998 had the aim of 'work for those who can; security for those who cannot'. According to HEWITT New Labour thus clearly wanted to maintain the traditional task of the social security system, namely to protect those who simply cannot be integrated into the labour market (Hewitt 2002). Furthermore the Green Paper reflected the party's stress on opportunity as a major characteristic of its new approach:

> "The welfare state now faces a choice of futures. A privatised future, with the welfare state becoming a residual safety net for the poorest and most marginalised; the status quo, but with more generous benefits; or the Government's third way – promoting opportunity instead of dependence, with a welfare state providing for the mass of the people, but in new ways to fit the modern world" (DSS 1998: 19).

How the ideational foundation of such an approach concretely looked like and how it should be ensured that the actual needs of benefits recipients were met, shall be depicted in the following.

Unemployment insurance and social assistance

When New Labour gained the governmental power in 1997 they were certainly not the first British government who assumed that welfare policies should have the aim of supporting the reintegration of benefit recipients into the labour market and that in order to do so benefit levels should not be too generous. As Ruth LISTER concluded, however, New Labour specifically pursued some new approaches in this context whose core policy ideas comprised "the values of responsibility, inclusion, and opportunity (RIO)" (Lister 2004:176). In the concrete context of the Jobseeker's Allowance and the New Deal programmes this for example meant that New Labour referred to the unemployed's responsibility to look for a job, to educate themselves and to accept a job if the offer was considered to be reasonable (Levitas, 1998, p. 121). To put it differently they were expected to "avail themselves" and to

"make their best efforts" (Ibid) in return for the new opportunities they were offered in the scope of the New Deal Programmes as described in chapter 5.1.1.1.

But despite the rhetorical emphasis on the development of skills, which was clearly visible since New Labour came to power in 1997, something which could be called a 'skills agenda' emerged only slowly and especially in the context of social security schemes such a human capital development had not been a priority. A first significant step into this direction, however, was made with the introduction of Jobcentre Plus in 2002. Especially TAYLOR-GOOBY assumed that New Labour with the establishment of this new institution tried to combine an incentive-approach with a more individualised "case management" and according to him this represented "a redirection of the simple market oriented policies of the previous government, and is thus a paradigm shift" (Taylor-Gooby et al. 2001: 16). During these days as well Prime Minister TONY BLAIR put it as follows: the "[g]overnment has a responsibility to provide real opportunities for individuals to gain skills and to get into work that pays" (Blair 2002b).

A next step towards the establishment of a 'skills agenda' and a more intensive discourse on human capital development was initiated by New Labour with the 2004 Pre-Budget Report document 'Skills in the global economy'. It formulated the need for a highly skilled workforce in order to face the challenges that are posed by for example globalisation. In 2004 the New Labour government commissioned as well SANDY LEITCH to undertake an independent review which was published in December 2005 as the interim report 'Skills in the UK: the long term challenge'. The final report of this LEITCH Review had the title 'Prosperity for all in the global economy - world class skills' and was published one year later in December 2006. It argued that Great Britain must urgently raise the achievements at all levels of skills and recommends to become "a world leader in skills by 2020, benchmarked against the upper quartile of the OECD" (HM Treasury 2006). The reaction of New Labour towards this Leitch-Review was the development of a more intensive party-political discourse in the work-skills context. In a speech in November 2007 the Prime Minister for example argued that: "If in the old days the problem was unemployment, in the new world it is employability […] If in the old days lack of jobs demanded priority action, in the new world it is lack of skills" (Prime Minister's Office 2007). Likewise the Secretary of State for Work and Pensions, JAMES PURNELL, expressed himself at the Centre for Economic and Social Inclusion Conference in Birmingham in June 2008: "Most people aspire to more than a dead end, low skill, low pay job. Hence our first goal: integrating welfare and skills, so that when

you sign on for benefits, you sign on for skills" (DWP 2008a). As well the governmental documents 'In work better off: next steps to full employment' (Green Paper) and 'World Class Skills: Implementing the Leitch Review of Skills in England', which were both published in July 2007, set out how to achieve progress in the context of integrating employment and skills. Yet, New Labour made as well clear that a better governmental support had to be followed by more responsibility of the individual benefit recipient. In this context the 2008 Green Paper 'No one written off: Reforming welfare to reward responsibility' for example stated the following:

> "We will enshrine the responsibility to work at the heart of our approach in a simple deal: more support but greater responsibility. We will help people find and retain work through support more personalised to individual need but, in return, those who are able will be expected to take a job if it is available. For those who are capable of working, there will be no right to a life on benefits" (DWP 2008b:12).

As regards their promise to offer more support New Labour announced an overall move from a rather "standardised approach" to a more "personalised" and tailored one (DWP 2008b: 16). It was planned to devolve more power to Personal Advisors[56], to local communities[57], as well as to private and voluntary sector providers (Ibid, p. 17).

> "Our aim is to make the most effective use of the public, private and voluntary sectors in realising our ambitions. The question is not which sector delivers but who, within any of those sectors, can deliver it best. To that end, we will introduce a new 'Right to Bid' for public, voluntary and private providers that believe they could deliver any part of our services more effectively. By making our services contestable in this way, we will improve the performance of existing providers and open up our system to new and better approaches" (DWP 2008b:17).

As regards the greater individual responsibility of benefit recipients New Labour even thought about using a sanctioning system in the context of skills development. The Green Paper for example announced to test if a complete withdrawal of benefits should be considered in case that the benefit recipient refused to deal with questions of skills development (Ibid, p. 13). In December 2008 the New Labour government even published the White Paper 'Raising expectations and increasing support: reforming welfare for the future', which was based on a report by Professor PAUL GREGG who was entrusted to assess the effectiveness of current

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56 "We will support Jobcentre Plus in continuing to improve, by giving its advisers greater flexibility to tailor their support to the individual needs of their customers" (DWP 2008b: 17).

57 "We will give local partnerships more influence in drawing up contracts for back-to-work services and monitoring their performance" (DWP 2008b: 17).

policies and to propose future reforms. Above all the White Paper supported his vision of "personalised conditionality" that distinguished between three groups: (1) the "work-ready" group, (2) the "progression to work" group and (3) the "no conditionality" group (DWP 2008c:13). In the first group, as Professor GREGG supposed, would be those who are 'immediately job-ready' so that standard job search requirements could apply (Ibid). In the second group would be those who 'cannot look for work' but where appropriate encouragement and support could make a return to work possible (Ibid). Typical for this group would thus be people in receipt of the Employment and Support Allowance and lone parents with younger children who then elaborate an individual 'back-to-work plan' with their Personal Adviser (Ibid). For the third group "there would be no requirement for any work-related activity, but […] support would be available for those who chose to seek it" (DWP 2008c:13). As the GREGG Review proposed that would primarily be the case for carers, disabled people and lone parents with very young children (Ibid). With the White Paper the New Labour government then explicitly supported Professor GREGG's vision and corresponding plans to work with this model were announced by the government for 2010/2011 (Ibid, 14).

Overall the development of New Labour's discourse in the sense of personalised support and personalised conditionality was clearly motivated by catching up with other European member states that can be characterised by "high employment rates" and "low levels of child poverty" (Ibid). In this regard the Department for Work and Pensions specifically mentioned the Netherlands and the Scandinavian "models" (DWP 2008c: 14).

Reconciling work and family

New Labour's 1997 party manifesto contained only few direct references to families and those which were made revealed a focus on 'paid work' as the best means to avoid and prevent poverty and the need to offer family-friendly policies which support the take-up of employment (Millar and Ridge 2002: 86). In the following years, however, the government published several documents which worked out in more details what New Labour sought to achieve, namely a "change of culture of relations in and at work" (DTI 1998) in order to achieve "a society where to be a good parent and a good employee are not in conflict" (DTI 2000). As TONY BLAIR put it: "a full-employment economy in tandem with the profound changes in family life poses a entirely new challenge for us as a government and a society. One which puts childcare and work/life balance centre-stage" (Blair 2004).

Especially the New Labour government's Green Paper 'Work and Parents: Competitiveness and Choice' (2000) seemed to point into a new direction with its proposals on the lengthening of paid parental leave periods and the provision of more flexible working. But many criticised that the Green Paper only rhetorically promoted a 'change of culture'. JAMES GRACE for example stated that according to the reform proposal being a parent was still conceptualised as being "a burden" (Grace 2001) and as well KILKEY concluded that reconciling work and family during New Labour's first term in office has only minimally facilitated the possibilities to alter care patterns (Kilkey, 2006). Similarly it was for example DI TORELLA who claimed that despite the fact that New Labour had included fathers into the policy discourse the de facto legislation still stipulated a major role for mothers in the context of childcare (Torella di 2007) Yet, independently of the critics it can be concluded that New Labour's discourse during their first term in office at least tried to focus on the 'parental aspects' of reconciling work and family. This changed significantly, however, during their second term in the years 2001-2005, when New Labour started to increasingly base the party political discourse on a "social-investment rationale" (Kilkey 2006). Especially in the consultation document 'Balancing Work and Family Life' the benefits of reconciliation measures *for children* were identified for the first time: "[H]elping mothers and fathers to balance work and family life can […] have positive impacts on their children's health, schooling and prospects in later life" (HM Treasury and DTI 2003: para. 3.2). And as well New Labour's ten year strategy for childcare (2004) has made the goal of ensuring that "every child has the best possible start in life" to one of the guiding principles in the context of ensuring a good work–life balance (Kilkey 2006).

According to LEWIS the discursive ideas behind this new childcare policy could be seen to reflect the 'central preoccupations' of New Labour. One of them was social inclusion and the attempt of raising female employment and the other one was to grant support especially in those communities which were particularly disadvantaged (Lewis 2004:217). But especially the latter gave again reason for criticism as the targeting on deprived areas or low-income groups was perceived as if childcare for the majority of British families remained their own responsibility (Taylor-Gooby et al. 2004:583). Yet, one thing that cannot be dismissed is the fact that New Labour has developed a discourse which is increasingly based on the desirability of state intervention in the context of childcare services and which appreciates the overall need of more family friendly policies. Beyond that it should not be forgotten that TONY BLAIR had a good point when saying: "we know that we cannot build universal

childcare or better work-life provision overnight. Scandinavian countries […] built up their provision over many years. […] [W]e all know that the years ahead also require more change" (Blair 2004).

5.2.2 Conservative Party (Tory Party)

Between 1997 and 2005 the Conservative Party lost three parliamentary elections and had four different leaders during these eight years. First in the year 2010 they could regain governmental power and DAVID CAMERON, who was elected Leader of the Conservative Party in December 2005, became Prime Minister. When scrutinizing the most important party documents as well as the existing literature between 1998 and 2008, the following picture as regards the party's discourse towards the welfare state, and particularly towards the relationship between labour market participation and social security benefits, emerges.

5.2.2.1 Idea of man

Quite generally spoken the Conservative Party assumed that individuals want to take control of their life and that it is the task of the government to render possible the taking up of personal responsibility by "giving every individual the skills, the resources, and the confidence" to do so (The Conservative Party 2006).

5.2.2.2 Political vision for the welfare state

Traditionally welfare policies have not been very high ranked by the British Conservatives and a clear political vision for the welfare state is quite hard to identify. After New Labour's clear election victory in 1997, which was particularly based on the promise to build a modern welfare state, there was a huge uncertainty and a lack of agreement over the most appropriate ideological response as DOREY (2003) noted. He considered that between 1997 and 2001 the Conservative Party more ore less oscillated "between advocacy of more tolerant and 'socially inclusive' policies at some junctures before resorting to more authoritarian populist measures at others" (Dorey 2003: 141). After having lost as well the general elections in 2001 the Conservatives' party-political discourse particularly prioritised two issues. The first one was to generally put a more concrete focus on societal issues and to support those in society who

are most in need and the second one was an emphasis on the capacities that local solutions or local approaches are able to offer (Lynch and Garnett 2003: 261). Underlying this new focus was a 'vision of society' which had been promoted in the US under the label 'compassionate conservatism' and which gave the British Conservatives the opportunity to set themselves apart from Thatcher's famous quote that 'there is not such thing as society' (Ibid).

The framework of the Conservative Party's vision for the welfare state became even more visible after the third defeat in the general elections 2005, when DAVID CAMERON was elected as party leader. When he announced his candidature for the leadership of the Conservative Party on 29 September 2005, CAMERON stated: "This party has got to look and feel and talk and sound like a completely different organisation […] advocating 'fundamental change' rather than a 'slick rebranding exercise" (Evans 2008: 293). One important step in this regard was that CAMERON formulated his desire to move beyond the free-market agenda, which had been pursued during the THATCHER/MAJOR years, and committed himself to the attempt of reconciling economic liberalism with social liberalism (Ibid, p. 292pp). Based on the assumption that markets are "necessary but not sufficient" (Ibid, p. 293) he stated for example the following in a speech about 'Modern Conservatism': "The principle task for us is now clear. 'Social justice and economic efficiency' are the common ground of British politics. We have to find the means of succeeding where the [Labour] government has failed" (Cameron 2006). Two years later it was even stated in the 'Plan for social reform' of the Conservative Party that: "Our aim is nothing short of being as radical in social reform as Margaret Thatcher was in economic reform" (The Conservative Party 2008). Yet, if such attitudes towards the welfare state really formed a new kind of 'vision' was contested. EVANS for example assumed that conservative attitudes towards the welfare state had changed only little since CAMERON became party leader and pointed to the fact that the Tories made no proposals as regards the question of how incomes should be distributed and how the poor could be made less poor, especially when compared to the rich (Evans 2008: 306). In contrast to this assessment, however, stands DOREY'S argumentation that there actually is a new conservative approach to poverty and social exclusion. Referring to one of DAVID CAMERON's policy co-ordinators he argues that the Tories have done a lot to be perceived as a party that takes care of the most vulnerable instead of only being concerned with making policies for the higher-income earners (Dorey 2007: 146).

But independently of which argumentation one would like to follow and even if a 'concrete' vision for the welfare state could not be identified for the time chosen as research period; it is

beyond all question that the issue of welfare policies as such has been spotlighted by the Tories to an unprecedented extent since their political opponents clearly won the parliamentary elections in 1997. One of the most prominent examples in this regard is the Conservative Party's 'Plan for social reform' which put particularly three issues, namely a 'school reform', 'welfare reforms' and 'family policies' into the party-political focus (The Conservative Party 2008).

5.2.2.3 Social security benefits – what shall they deliver?

Overall, the Conservative Party's arguments were based on the assumption that social security benefits should be designed in a way that ends welfare dependency. This was again made clear with the 2008 document 'Repair – Plan for social reform' in which the following was written down:

> "It is our moral obligation to end the culture of long-term welfare dependency in Britain. In a responsible society, individuals who are capable of working accept their responsibility to work – and the government accepts its responsibility to help all those who can work get into work" (The Conservative Party 2008:22).

As will be shown in the following this message has been present in the party-political discourse already since 1997 but concrete policy measures have primarily been derived with the 'Plan for social reform' mentioned above.

Unemployment insurance and social assistance

When New Labour came to power in 1997 and insisted that the unemployed were responsible to take up their opportunities (New Labour Party 1997) the Conservative Party started as well to put this topic quite high on their political agenda. At the 1999 conference the then party leader HAGUE for example promised that when the party was next in office, "any unemployed person who can work, and who is offered a job, either takes that job or loses their unemployment benefits" (Dorey, 2003, p. 136). Furthermore, he made clear that job centres "are not there to pay people benefits for doing nothing" and claimed that a system of 'payment-by-results' would be necessary (Ibid). By the same token, the Tories proposed to change as well the eligibility criteria for lone parents. They for example announced that under a conservative government single parents, under the premise that their youngest child was

older than ten years old, would get their benefits reduced if they did not find a job after a search-period of thirteen weeks (Dorey 2003:137).

Then, after DAVID CAMERON had become leader of the Conservative Party, the Tories started to promote their ideas as regards the design of unemployment insurance and social assistance schemes within a broader message. It was in 2007 when CAMERON began to argue that the British society was 'badly broken' and since then, the 'broken society' has become a major issue of the party-political discourse (Kirby 2009:246). Strategically seen the party used the metaphor of a 'broken society' in order to distinguish themselves from as well the Labour government, which rejected the claim that the British society would be broken, as the Thatcher years during which the focus of the Conservatives was on a free-market agenda (Ibid). Qualitatively the Tories deduced from their suggestion of a 'broken society' the necessity of developing a society characterised by opportunities. In their 2006 statement 'Built to Last: The Aims and Values of the Conservative Party' they for example announced "a responsibility revolution to create an opportunity society – a society in which everybody is a somebody, a doer not a done-for" (The Conservative Party 2006: 3). With their Green Paper on the subject 'Work for Welfare – A Real Plan for Welfare Reform' and the document 'Repair – Plan for social reform' the Conservative Party in 2008 then delivered a description of how they wanted to end welfare dependency and clearly moved into the direction of workfare schemes:

> "We believe that it should not be possible for any person who can work to choose not to do so and live on out of work benefits instead. We will build on the experience of the welfare reform programmes that began in the United States and have been emulated in countries like Australia and the Netherlands. Our plans provide a much more comprehensive programme of support for jobseekers. But they also mean that those who refuse to participate in the return to work process will no longer receive out of work benefits. We will ensure that people participate fully by introducing mandatory conditions and time limits. The long-term unemployed will have to join community work programmes to get them back into the work habit" (The Conservative Party 2008: 22).

Concretely, the Conservative party proposed a reform of the Jobseeker's Allowance which should comprise (a) "a new system of assessment", (b) "new conditions for receiving out of work benefits" and (c) "new help for people to get back into work through a network of welfare-to work providers" (The Conservative Party 2008:24). Against this background the Tories for example proposed to introduce profiling systems which categorise the job seekers. Those who were categorised as being able to find a new job would receive six months to do so before being referred to a welfare-to-work provider and those who faced severe challenges

in this regard would be referred immediately (Ibid). Moreover, the Conservative Party made clear that the receipt of out of work benefits would be based on a sanctioning system which would threaten the unemployed by a withdrawal of benefits for about one month in case of the first refusal to take up a 'reasonable' job and for about three months in case of the second refusal (The Conservative Party, 2008, p. 25). After a third refusal the unemployed would be excluded from any benefit payment during the following three years (Ibid).

As regards the support for young unemployed the 'Social Plan' of the Conservative Party determined that 18-21 year olds should be allowed to claim Jobseekers Allowance for three months at most before being referred to a welfare to work provider. If they should claim Jobseekers Allowance for more than one year the young person would be referred to a community work programme (Ibid).

Reconciling work and family

Since the end of the 1990s the Conservative Party's discourse on how work and family should be reconciled was principally connected with a 'pro-marriage' attitude. Under party leader HAGUE for example the 2001 election manifesto promised to offer 'a transferable tax allowance' for married couples (Kirby 2009:245). In the following, party leader IAN DUNCAN SMITH then extended this "pro-marriage" attitude by putting even the most vulnerable members of society into the focus and therewith linking the support of families not only on a "pro-marriage" attitude but on "poverty-fighting" as well (Ibid). According to JILL KIRBY the following party leader MICHAEL HOWARD then left the issue of family policy more or less aside (Ibid, p. 246) but his successor DAVID CAMERON was again involved in such questions and argued specifically that "a modern Conservative party should support marriage" (Cameron 2005). Beyond that, however, CAMERON introduced a new aspect into the party political discourse as he linked the "broken society" to the "broken family" and picked the absence of fathers out as a central theme (Ibid). In the Conservatives' 'Social Plan' one can thus find the announcement that they would introduce a new system of Flexible Parental Leave (FPL), which should reserve the first 14 weeks of the FLP to the mother and after that it would be up to the parents to decide how the remaining 38 weeks should be split (The Conservative Party, 2008, p. 42). The parents would even have the possibility to simultaneously take parental leave for up to 26 weeks under the condition that the father takes his parental leave as one continuous period (Ibid).

As regards childcare services the Conservative Party at the end of the research period supported New Labour' s ambitions to extent free nursery care for all 3 and 4 year olds (Ibid, p. 43). However, the Tories criticised the government's focus on centralised and centre-based childcare and declared to support other forms of childcare such as private, voluntary and independent nurseries and childminders (Ibid). The latter are said to have "declined by 10% since 2004 and 40% since the Conservatives were in power" (The Conservative Party 2008: 43).

Conclusively it seems fair to argue with PETER DOREY that the Tories, since DAVID CAMERON was elected as party leader, primarily dealt with forging a "socially concerned Conservatism" and placed an unprecedented emphasis on securing a better "work-life balance" (Dorey 2007).

5.2.3 The party political discourses in the context of British election campaigns

5.2.3.1 New Labour Party

Between 1979 and 1992 the Labour Party experienced four consecutive election defeats and according to DENNIS KAVANAGH it were primarily members of the working class who stopped voting for them as they associated New Labour with supporting disproportionately the poor instead of effectively helping those "who wanted to 'get on'" (Kavanagh 1997:26). Thus, when TONY BLAIR became party leader in 1994, he aimed at a significant change of this image and as KAVANAGH mentioned he specifically tried to replace those issues that traditionally characterised the party-political discourse, namely "redistribution", "public ownership", and especially the "tax and spend" approach (Kavanagh 1997: 26).

In this spirit BLAIR and his shadow chancellor BROWN during the 1997 election campaign pledged that a Labour government would not aim at the increase of taxes or public spending (Ibid, p. 30). Instead it was declared in New Labour's 1997 election manifesto that: "It is what money is actually spent on that counts more than how much money is spent. […] New Labour will be wise spenders, not big spenders" (New Labour Party 1997). Against this background the party pointed out that any "extra funding" for social security, education or health issues needed to be acquired by "efficiency savings", the returns of economic prosperity or other cost-cutting measures (Driver and Martell 1998: 75). Another central issue of the 1997 Labour election campaign was of course the reform of the welfare state and here especially the welfare-to-work programmes connected with the 'New Deal'-approach that, among other

things, aimed to get "250,000 young unemployed off benefit and into work" (New Labour Party, 1997). As we know by now the 1997 election campaign was very successful in the end but it has to be pointed out that the election result of those days only confirmed the acceptance of New Labour's image change that had been initiated much earlier. As KAVANAGH pointed out, Labour received already in the 1994 European elections 44% of the votes, which was quite close to the final 1997 general election result (Kavanagh 1997). It should thus be kept in mind that the foundation for New Labour's electoral success in 1997 was the result of a new impetus that resulted from Tony Blair's election as party-political leader in 1994 (Ibid).
In its' 2001 election campaign New Labour then put the emphasis primarily on the economy and public services and it did so against the background of "the lowest inflation for 30 years, the lowest long-term interest rates for 35 years, lower mortgage payments, more people in work than ever before, and the lowest unemployment since 1975" (Seyd 2001:610). In such a context New Labour could of course refer to significant progress towards its goals of transferring more money to poor families and pensioners, which became possible due to the fact that less people were in need of state payments and employment rates were rising (Ibid). So, altogether New Labour in 2001 could thus run a comparatively "defensive" election campaign and it could do so even if the party announced a growth in public expenditure "by £ 74 billion between 2000/1 and 2003/4" (Ibid, p. 611). Concretely, New Labour's 2001 manifesto was entitled 'Ambitions for Britain' and it suggested that there were still a lot of matters that needed to be settled during the next years (Ibid, p. 618). So, compared to 1997 where clear political goals were set, the 2001 election campaign rather send the message: give us the time and the opportunity to build on what we have already achieved during the last years (Ibid).

The 2005 election campaign then differed from the previous two ones due to several reasons. First of all, TONY BLAIR announced that the next term in office would be his last one as Prime Minister and that the 2005 election campaign would be his final one as party leader (Fielding 2005:27). In 2005 New Labour thus not only had to ensure that they defeated the Conservatives, the party needed as well to determine the political agenda against the background of BLAIR's foreseeable outgoing (Ibid). One of the most controversial subjects during these days for example was the ever growing party-intern critique that BLAIR had turned New Labour into a party that too much focused on free market solutions instead of trying to balance the inequalities that arise from such an approach (Ibid, p. 28). Especially the

party base thus discussed if the next New Labour government should further pursue this policy course or if the reduction of inequality and the aim of egalitarianism should be put at a more centre stage (Ibid, p. 29). Yet, as TONY BLAIR himself saw no need to change New Labour's hitherto successful formula, the 2005 election slogan finally became "Forward not back" and his campaign coordinator ALAN MILBURN kept claiming that the party should be committed to the "politics of aspiration" (Milburn 2004) and build "an opportunity society" where everybody who is "willing to put in the effort can share in rising prosperity" (Milburn 2005). Beyond the certainty that New Labour had to determine the government's political direction during TONY BLAIR's final term there was another reason why the 2005 campaign differed from the previous ones, and this was the war in Iraq. The Prime Minister's support for the U.S. military interventions against the regime of Saddam Hussein in 2003 influenced New Labour's 2005 election campaign significantly. In this regard, as FIELDING pointed out, the Prime Minister obviously acted against the opinion of the broad public and therefore undermined his personal reliability and as well the reliability of the New Labour government as such (Fielding 2005: 28). Against this background New Labour chose not to let the 2005 general election become a referendum "on its own record" but tried to frame the election as being a choice between themselves and the Conservatives (Ibid, p. 35). Yet, as already known this rather "negative campaign" did not really succeed and even if New Labour finally was re-elected they received only 3 per cent more votes than the Conservatives (Fielding 2005). In the following this obvious weakening of TONY BLAIR's party-political position lead to the election of GORDON BROWN as the new party leader in June 2007 and many New Labour representatives hoped that he would be a more 'left-wing' alternative to TONY BLAIR. But as FIELDING already anticipated before BROWN's election it was quite unlikely that he would "diverge too far from the direction set down after 1994: he was, after all, one of the chief architects of New Labour" (Ibid, p. 42). The actual developments then confirmed this assessment and authors such as STEPHEN DRIVER argued that the BROWN government even intensified the policies of "employment first" and further supported a welfare-to-work regime that is primarily delivered by private sector providers (Driver 2009).

5.2.3.2 Conservative Party (Tory Party)

After the clear defeat in the general election 1997 the Tories came under pressure as regards the question if their conservative principles needed to be adapted to the new situation and the

more “modern” agenda that New Labour apparently offered (Denham and O’Hara 2007). But between 1997 and 2005 the three conservative party leaders WILLIAM HAGUE, IAIN DUNCAN SMITH and MICHAEL HOWARD all failed to have a significant impact on this matter. WILLIAM HAGUE for example tried to give the achievement of inclusion a more prominent role in the party-political discourse since the Conservatives were observed as being “hostile to gays, foreigners, immigrants, single mothers, women generally, and probably many others as well” (Ibid, p. 179). In the beginning his rhetoric thus aimed at changing this image of the Tories but in the light of quite unsatisfying opinion polls he soon gave up his attempts in this regard and switched back to a traditional ‘core vote’ strategy (Ibid, p. 179p). As DENHAM and O’HARA rightly mentioned, there was of course the fear of not being able to build the next government, but there was a much more concrete danger to even fall behind the Liberal Democrats (Denham and O'Hara 2007: 181). However, even the “core vote” strategy did not prevent the party from a poor performance in the 2001 general election and according to DOREY especially the following two factors played an important. Firstly, the issues of “asylum seekers” and the rejection of joining the “Euro” were put into the focus of the Conservative’s political agenda (Dorey 2001), even if both issues were apparently not decisive for the most peoples’ voting decision (Ibid, p. 209). And secondly, the broad public at the beginning of the new century looked quite favourably upon the idea of “tax-and-spend”, so that even in this regard the ideological justification of the Tories’ policy design did not correspond to the majoritarian opinion of the electorate (Ibid). The Conservative’s claim that further tax reductions could be reconciled with increasing expenditures on public services could according to DOREY not convince the British voters (Ibid, p. 210).

WILLIAM HAGUE’s failure in the 2001 general election meant that IAIN DUNCAN SMITH became leader of the Conservative Party. Overall he kept on addressing rather traditional conservative policy solutions but at least in the context of immigration and asylum a more modern point of view was tried to be promoted (Denham and O’Hara 2007). Yet, DUNCAN SMITH - like his predecessor - put the modernisation project on hold again due to unsatisfying poll ratings and MICHAEL HOWARD’s leadership (2003-2005) ended up the same way (Ibid, p. 183). HOWARD’s 2005 general election campaign could for example, according to DENHAM and O’HARA, be reduced to 10 words: “school discipline, more police, cleaner hospitals, lower taxes, controlled immigration” (Ibid, p. 184). Therewith all attempts between 1997 and 2005 to modernise the Conservative Party’s image and to move the Tories more to the political centre had failed. Only after the third successive defeat in 2005, “there appeared to

be a general consensus within the Party that it must 'modernise' or die" (Ibid, p. 185). DAVID CAMERON, the candidate that finally won the leadership contest in 2005, argued for example that the party urgently needed to deal with issues like "insecurity in the face of globalisation, degradation of the environment and rising expectations of public services" (Denham and O'Hara 2007: 186). From this perspective "starting from scratch" and "transformation rather than renewal" (Evans 2008) was the only plausible way to choose for the Conservatives and, as a matter of fact, DAVID CAMERON in the following years tried to strike some new paths. Rhetorically, he for example he gave the Tories' approach to unemployment a new direction and stated at the conservative Women's Organisation conference in London:

> "There's a certain approach to this which says that however painful this may be, large-scale unemployment is an unavoidable consequence of recession, that because it's the natural movement of the markets, all that government can do is stand by and pick up the pieces […] I am not one of those people. I wholly disagree with that view" (politics.co.uk 2008).

Beyond that DAVID CAMERON placed considerable emphasis on "quality of life" issues such as securing a "work-life balance" and doing much more to assist the "socially dispossessed" (Dorey 2007). Since his inauguration he has repeatedly pointed out that the Conservatives "have to show that the change is real; that it means something: that it's built to last" (Evans 2008). Certainly, his attempt to adopt more and more "un-Thatcherite policy positions" was intensively debated within the party (Dorey 2007) but as we know by now the voters 'bought' his message and the success of the Conservative Party in the general elections 2010 proved him right and made him Prime Minister of the first conservative government since the mid 1990s.

5.3 Analysis

5.3.1 Did Great Britain eliminate its weaknesses as identified by European recommendations?

In the scrutinised categories, namely the New Deal schemes, paid parental leave system, childcare services and childcare subsidies, a development of British policies towards the qualitative demands of European recommendations was visible. It has to be noted however, that this development became clearer in the context of providing more and affordable childcare services than in the context of designing benefit systems in a way that prevents de-skilling.

Concretely, as the case-study showed, the New Deal schemes hadn't been very effective in helping benefit recipients with the greatest disadvantages and barriers to employment. In correspondence with the European recommendation that Great Britain must improve the employment prospects for the most disadvantaged, New Labour thus initiated some new and more local programmes like Employment Zones (EZ) the Working Neighbourhoods (WN) and the City Strategy. Compared to the standard New Deal interventions, especially WN participants considered that personal advisers' services were "more holistic and offered emotional as well as practical job-related support" (Dewson, 2005, p. 64). But only the City Strategy focused on improving skills as one of its important goals. Bringing together Jobcentre Plus with the Learning and Skills Councils for example meant that work first and human capital approaches got somehow closer to each other.

Nevertheless, the analysis showed as well that New Labour used the more local approaches of fighting worklessness to increasingly 'outsource' the issue of long-term skills development and to leave this challenge to *private* providers. If human capital development can really be improved with such a policy design remains to be seen; but this is the answer that New Labour has been given during the research period in the context of preventing de-skilling and improving the employment prospects for the most disadvantaged.

Table 10: British reforms aiming at the improvement of employment prospects 1998 - 2006 (own presentation)

1998: New Deal for Young People (18-24 years)	**Education Opportunities** full-time education or a training place
New Deals (25+ oder Lone parents)	**No Education Opportunities**
2000: Employment zones project	**'Work First'** no human capital- approach (training, qualification, personal development, health)
2004: Working neighbourhoods project	**'Work First'** but: integral solutions (debt counselling, vocational orientation, childcare)
2006: City Strategy	**'Employment and Skills'** Jobcentre Plus + Learning and Skills Council

As regards the reforms that can be subsumed under the topic 'reconciling work and family' New Labour focused among other things on the paid parental leave system and extended paid maternity leave from 14 weeks in the year 1998 to 39 weeks in the year 2006. This development has been criticised, however, since paternity leave was, by far, not extended in the same way so that Great Britain still has a rather unequal division of caring responsibilities. Relating to childcare services New Labour could achieve very good results as regards the quantitatively demanded development. In the scope of initiatives like the National Childcare Strategy and especially the early years initiative 'Sure Start' (see chapter 5.1.2.2) England could for example raise the overall number of registered childcare places up to slightly above 2.5 million registered childcare places in 2008, which according to the research of PHILLIPS ET AL. resembled a 33 per cent increase from the year 2003 (Phillips et al. 2009:36, table 4.1). As well the reforms that New Labour introduced in the context of childcare subsidies have been

quite substantial. Especially the amount of subventions that parents with low-incomes received for covering the expenses of childcare "was more than 16 times greater in 2004 than in 1998, having risen from £46 million to £884 million" (J. Lewis and M. Campbell, 2007, p. 372p).

5.3.2 What kind of role do ideas play in the modernisation of the British welfare state and how significant are European ideas in this context?

Trying to answer this question I will proceed analogous to the Swedish case study. After the depiction of how compatible the European discourse and the discourse of the New Labour party have been during the research period, the analysis focuses on why a new focus on human capital and skills development was introduced in Great Britain first since 2004/05. In a third step it is highlighted to what extent the 'constructivist model of changes in welfare policies' can help to explain British welfare state modernisation between 1998 and 2008 and finally it will be assessed how significant European ideas have been for the national welfare modernisation process.

5.3.2.1 How compatible were the European discourse and the party-political discourse of the New Labour Party between 1998 and 2008?

Like the Swedish Social Democrats even the British New Labour Party adopted the problem definition which is underlying the European Employment Strategy, namely that employment rates are not high enough. Despite the fact that British employment rates for men and women were clearly above the EU average during the whole research period, the New Labour government in 2005 announced its aspiration to increase the then British 75 per cent employment rate to a record of 80 per cent (DWP 2005:25). The reason for formulating such a goal had apparently to do with the argument that the demographic development and its implications for British pensions would be much easier to cope with (Ibid, p. 26).

Beyond that New Labour shared as well the principled belief that social protection is a productive factor. The British and the European discourse actually corresponded very well with each other as both tended to prioritise the economical efficiency of social protection policies, which comprises the stimulation for work, rather than the social efficiency of social protection policies, which focuses on the creation of individual security (Andersson

2006b:435). Differences became apparent, however, as regards the causal beliefs in the context of 'activation'. Especially the argument that the unemployed need help to acquire new skills or upgrade existing ones has in the beginning of the research period not been taken up by the New Labour government to the extent that would suggest a convergence of both discourses. Rather, as authors like TAYLOR-GOOBY ET AL. argue, the labour market reforms during New Labour's first term in office were significantly influenced by US experiences and emphasised a general 'workforce mobilisation' instead of skills development (Taylor-Gooby et al. 2001: 16). In this regard especially the targets of Jobcentre Plus and the points system manifested that help for the unemployed was primarily organised around the principle of work-first. Every time the staffs of a Jobcentre helped someone into a job they earned points towards the Job Entry Target (Jobcentre Plus, 2005), and the obvious danger of such an approach was that the focus remained on those benefit recipients who were most ready for work.

A generally increased interest and a new focus on what could be called a 'skills agenda' can then be found since the end of New Labour's second term in office. Especially the 2004 Pre-Budget Report document 'Skills in the global economy' was followed by further documents which all claimed that Great Britain must urgently raise the achievements at all levels of skills. Correspondingly New Labour's discourse was more and more characterised by the rhetoric of "integrating skills and welfare" (DWP 2008a). During New Labour's third term in office it thus seemed as if the causal belief inherent in the European discourse, namely that it is necessary to help the unemployed with skills enhancing measures, has been internalised by the party more than ever before.

As regards the second issue that Great Britain according to the European discourse had to deal with, namely an improved access to childcare and efforts to decrease the gender gap in employment which is attributable to the impact of parenthood, the following can be stated. Overall, policies aiming at the reconciliation of work and family have during the research period grown enormously even if sometimes the concrete policy reforms clearly differed from the solutions chosen in other European countries. Whereas in Sweden or other EU member states maternity leave periods are kept shorter for example and parental leave is supported by significantly higher benefit amounts (J. Lewis and M. Campbell, 2007, p. 378) the New Labour government has introduced a very long maternity leave with only very restricted possibilities of paid leave for fathers. Beyond that, and as well in contrast to other European

countries, New Labour only introduced the right to *ask* the employer to be able to work flexibly (Ibid, p. 374).

Nevertheless, as LEWIS and CAMPBELL already noted in 2007, there has been developed a commitment to policies aiming at the reconciliation of work and family which represented "a major shift in ideas about the possibility and desirability of state intervention" (Lewis and Campbell 2007:378). This shift became clearly visible in the context of New Labour's attempt to improve the access to childcare. Apparently the party considered it a public responsibility to offer more and affordable childcare places and started initiatives like for example the Early Years Development and Childcare Partnerships (EYDCPs) and the establishment of Children's Centres in disadvantaged areas. CASEBOURNE and DENCH even concluded that New Labour seemed to have shifted the debate in Great Britain towards childcare becoming "a 'universal' public service and a key part of the modern welfare state" (Casebourne and Dench 2005). It has to be noted, however, that especially compared to the development of a so called 'skills agenda' the causal belief that social protection systems can be made more employment-friendly by offering public or subsidised childcare provision was part of New Labours party-political discourse from the very beginning of its first term in office. A qualitatively measurable success is therefore more visible than in the context of 'upskilling' and comprises according to the Children's Plan from the year 2007 a doubling of registered childcare places since the year 1997.

To sum it up, New Labour has accepted the problem definition and the principled belief that was characteristic for the European discourse during the research period and the introduced policy reforms were as well in line with the causal beliefs underlying the European discourse. The discourses have thus been quite compatible even if it is striking that the issue of skills development - an issue that the European recommendations for Great Britain quite obviously have centred all the years - gained a really prominent place on New Labour's political agenda first since 2004/2005. I will try to explain this development in the following chapter which seeks to illustrate the 'persuasiveness' of New Labour's discourse on welfare modernisation between 1998 and 2008.

5.3.2.2 Why did New Labour introduce a new focus on human capital and skills development in its party-political discourse while the equal share of parental responsibilities has never become a top priority?

In the British case, quite in contrast to the Swedish one, the weaknesses as identified by the European discourse have never been controversially discussed in the scope of election campaigns that took place during the research period 1998-2008. The reconciliation of work and family in terms of childcare provision and corresponding subsidies could be found on New Labour's agenda but was not taken up by the Conservatives and the topic of human capital development was (until 2004/2005) for both parties not a very high-ranked priority. The persuasiveness of ideas in this regard has thus not been questioned in a contest between the government and the opposition. Rather the New Labour party has developed a corresponding party political discourse out of its governmental activity and as a reaction towards the evaluation of the policies.

For several years New Labour followed the work-first philosophy but then the party was confronted with the following: Those who are most likely to profit from work first strategies tend not to represent the majority of the total unemployed population; instead an increasing proportion of the workless obviously needs a more personalised and more intensive support (Lindsay et al., 2007, p. 543). In this 'puzzling' situation New Labour increasingly seemed to acknowledge the explanatory capacity of the idea of human capital development and thus started more consequently to introduce major elements of this approach into its work-first philosophy. Above all, the persuasiveness of the idea of skills development might have been rooted in the possibility it seemed to offer to not let come up again the debate of income inequalities and redistribution policies. As the Economist rightly pointed out, New Labour's view always was that the fight against inequality didn't need to become a major priority as long as, overall, the situation of those who are financially less well off improved (The Economist 2011). So, recognising that the New Deal schemes despite all efforts seemed to leave the most disadvantaged still far behind, the party's rational might have been to offer a new and more promising way out of this quite dissatisfying situation without giving classical transfer policies too much 'discursive room'. However as the idea of an increased focus on human capital development needed to be brought into coherence with traditional British beliefs and values, New Labour decided not to leave the practical application to public institutions and began to 'outsource' the issue of long-term skills development. Accordingly

they assigned first and foremost private providers with this challenge and therewith followed a well-tried concept of British policies.

As regards another aspect that the European discourse recommends, namely the diminishing of the gender gap in employment which is attributable to the impact of parenthood, the situation looks quite different. In this case New Labour rather adhered to traditional values and beliefs and gave no significant incentives for the equal share of parental responsibilities. The same holds for New Labours approach towards reduced working hours for parents with little children and it might be concluded that the internal logical coherence of these ideas wasn't convincing enough to clearly base policies on them. Another possibility is of course, that New Labour considered the situation as not 'puzzling' enough and deemed themselves as not dependent on the explanatory capacity of a new set of ideas.

Unlike in the case of human capital development, where the New Labour government put quite a lot of effort in the attempt to increase employment rates by using a tightened work-first approach and then had to recognise that significant results for the ones furthest from the labour market failed to appear, there was apparently no urgent need for changing the discourse on paid parental leave and the direction of policy reforms. HELEN WILKINSON, who published a major cost benefit analysis of paid parental leave in 1997 and argued in favour of the latter, stated that their actually was a 'window of opportunity' in the late 1990s when New Labour actually seemed to consider an approach of increased and equal parental responsibilities. She for example spoke of very positive reactions and a confirmation that her report on parental leave was discussed "favourably" by a cabinet committee (Wilkinson 2008). As in those days even the British media started to feature WILKINSON's research and discussed the advantages of paid parental leave she was convinced that the concept would sooner or later be internalised in New Labours discourse and policies (Ibid). Then, in the year 2000, when New Labour started to prepare and plan its second term in office, an "informal working group on the family" (Ibid) was built and according to WILKINSON this group should come up with "eye-catching initiatives for New Labour's second term" (Ibid). Nevertheless, at some later point it became clear that New Labour would not go for what could be called "a new kind of parenting contract" and paternity leave in Great Britian remained in its infancy (Wilkinson 2008).

According to WILKINSON it finally was the "unwillingness to step on the toes of big business" (Ibid), which prevented New Labour to take advantage of nearly optimal economic conditions

and to introduce such a certainly radical change in British policies. During the following years the topic was never seriously taken up again. Not even in those times when the Conservatives, admittedly during a time when they were member of the political opposition, formulated their aim of introducing a new system of flexible parental leave, which would give mothers and fathers a 12 months' leave to split between them.

5.3.2.3 How can a 'constructivist model of changes in welfare policies' help to explain the developments in British welfare state modernisation?

Like their Swedish counterpart even the British Conservatives underwent a significant ideological change after clear election defeats since the late 1990s and provide a good example for one major argument of social constructivism. Namely, that beliefs and preferences "are constructed in a social environment where the beliefs and preferences held by other members of the community constitute the basis for what is deemed to be socially valued or preferred" (Cox, 2001, p. 473). Like the New Moderates in Sweden the British Tories 'ran against the wall' several times and then decided to adapt to what the majority of the British society apparently wanted and believed. Typical in this regard is DAVID CAMERON's statement: "This party has got to look and feel and talk and sound like a completely different organisation […] advocating 'fundamental change' rather than a 'slick rebranding exercise" (Evans 2008: 293).

But as well New Labour provides a good example for explaining why policy-makers break out of old paradigms at certain points. The British case study showed that one explanation apparently is connected with the 'felt' intensity of economic pressures that reside in the background of policy-makers ideational framework. Beyond that the quite simple question, if the expected 'gains' of following a new paradigm are considered to have the capacity of outperforming the status quo, seems to be relevant. As already indicated, 'skills development' was an issue that the New Labour government put quite high on their political agenda since 2004/2005 due to unsatisfying results of work first strategies. The remaining problem of unemployment and worklessness apparently needed to be 'cured' by other means and so the door was opened for the new paradigm of human capital building. On the contrary, the topic of an equal share of parental responsibilities was not pushed very high up on the political agenda. The reason was not New Labour's fear to for example break with the own electorate

by focusing on such policies but rather to loose the support of the business community by putting a new "burden" on them (BBC News 2009). In other words the economic challenge or pressure in this context was not big enough and the introduction of more 'radical' policies did not offer very much to win. The old paradigm thus remained and was at most slightly modified by New Labour.

As well the fact that the increased focus on more childcare services resulted from low fertility rates, rising child poverty, or growing dependency on social transfers (Clasen, 2005, p. 84) confirm that the preferences of decision-makers seem most of the time to have been guided by economical aspects. Grossly simplified it could be argued that 'agency' in the British case was something that could hardly be interpreted independently of economic developments and issues. However, despite a European discourse, which continuously claimed to invest more in human capital, the economic situation in Great Britain was for years interpreted in a way that tried to more or less to avoid this policy path and instead relied on traditional remedies. The 'relative' emphasis on policy solutions which are chosen by decision-makers to face economical problems is therefore indeed an aspect that deserves attention and consideration. It is especially in this sense that the 'constructivist model of changes in welfare policies' can shed light on the developments in British welfare state modernisation.

5.3.2.4 How significant were European ideas for the British welfare modernisation process between 1998 and 2008?

Based on interviews with DWP, Treasury and Jobcentre Plus representatives PETER TAYLOR-GOOBY and his colleagues already in 2001 came to the conclusion that the British labour market reforms under TONY BLAIR, which focused on "workforce mobilisation" and not so much on the "quality of jobs" were certainly influenced by US experiences (Taylor-Gooby et al. 2001:16). As well DE LA PORTE and JACOBSSON concluded that "the New Deal programmes were determined independently of the EES in a domestically driven path-dependent logic […]" (de la Porte and Jacobsson 2012a:132) and CLASEN argued that Labour's perceptions were "likely to be more influenced by US than European debates" (Clasen 2005:85). At most it is thus the increasing focus on human capital and skills development which the New Labour government pursued since 2004/05 that might be related more directly to European recommendations. Yet, even this causal connection remains rather

vague as it is hardly possible to proof that the influence of European recommenations kind of prevailed the influence of let's say the domestic situation. Nevertheless the ideational approach was helpful as it could be shown that ideas are relevant especially in the context of political parties' attempts to open new power options. Altogether it thus appears to be reasonable to conclude with DE LA PORTE and JACOBSSON who believe that "[t]he EES can be used to legitimise domestic reform, not to actually drive policy change" (de la Porte and Jacobsson 2012a:141).

As regards the aim to ensure a better reconciliation of work and family it has already been mentioned that New Labour from the very beginning, and apparently detached from any European recommendations, has pursued an agenda that focuses on an improved access to childcare places and on increased public expenditure to support parents with their childcare costs. It was for example EVERS who asserted that political goals in Great Britain like the increasement of lone mothers' employment to 70 percent by the year 2010 or the reduction of child poverty by a quarter until the year 2004 had been set independently of the EU's policy agenda and above all prior to the concrete recommendations that were given in the scope of European coordination processes (Evers, 2005, p. 199). And CLASEN considers "contextual influences" like low fertility rates, rising child poverty, cultural changes in household structures or growing dependency on social transfers to be decisive in this regard (Clasen 2005: 184).

As well trying to grasp 'European influences' on the discourse of the British Conservatives is difficult. Taking the issue of an equal share of parental responsibilities as an example it has been shown that by linking the 'broken society' to the 'broken family' the Conservatives put the issue of flexible parental leave on the their political agenda and increasingly made the absence of fathers to a central theme of their party-political discourse. Accordingly they seemed to follow an argumentation that was quite close to for example the Swedish or the European discourse. Yet, again it has to be pointed out that this development was certainly not a result of European coordination processes and the sudden persuasive power of 'European' solutions. It was rather the result of what the constructivist model of changes in welfare policies calls 'short-term tactical interests'. After three successive election defeats the Conservative Party aimed at the seizure of power in the 2010 general elections and decided to move beyond the policy agenda that had been characteristic for the THATCHER/MAJOR years.

Thus, the conclusion is once more that it needs some specific circumstances under which recommendations of the EU gain significance. Their impact obviously develops rather indirectly and as the ideational convergence in the context of European welfare modernisation apparently proceeds without a clear causal connection to EU recommendations, the next-best conclusion that suggests itself is the following: European ideas are not necessarily persuasive by themselves. Nevertheless they can offer a new 'path' that national decision-makers might choose if traditional ideas and anchored policy concepts are not able to explain and solve a puzzling situation anymore. Under which condition causal beliefs of the European discourse finally will be adopted depends on the question if a goal of overriding importance – in this case the increase in employment rates and the improvement of employment prospects for the most disadvantaged – can be reached with a divergent national causal belief or not. If this is not the case or if the results are not convincing enough, as in the context of the New Deal with its clear commitment to a work-first approach, even ideas that are not traditionally anchored in the national discourse can become an option that is worth trying.

6 Concluding remarks for the research period 1998-2008

The previous two case studies proved what GOLDSTEIN and KEOHANE already concluded in the early 1990s, namely that "ideas often become politically efficacious only in conjunction with other changes, either in material interests or in power relationships" (Goldstein and Keohane 1993:25). In this regard the two case studies of Sweden and Great Britain could show that it's not only the discourse which matters in the context of welfare state modernisation; beyond that even tactical and strategic interests of parties and windows of opportunities can play a decisive role for pushing forward national policy reforms. The concrete questions that have tried to be answered in the previous chapters concerned the 'weaknesses' of social protection policies that Sweden and Great Britain should try to eliminate in the scope of European coordination processes. The major focus in this regard was on the question if EU-level ideas were picked up by national policy makers, if they could be recovered in national discourses and under which circumstances EU-level ideas gained significance for national reform processes during the chosen research period 1998-2008. The attempt to answer these questions was based on an analysis that considered the two case studies independently of each other. Yet, as of course a cross-case comparison can deliver further insights into the characteristics of national reform processes I will now try to illustrate to what extent the two countries have moved towards each other while modernising their social protection policies and if the identified reform process led to 'path deviations' in national welfare policies or to an overall convergence process.

In this regard some further remarks need to be given, because the concept of convergence is a quite contested one. A very good summary of the different tendencies and their representatives has been given by STARKE and OBINGER. According to them four categories can be established. The first one is represented by authors like HAROLD WILENSKY, TORBEN IVERSEN and THOMAS CUSACK who argue that similar problems and pressures are leading to a convergence process which is nevertheless caused by rather independent problem-solving (Starke and Obinger 2009:115). The second category comprises authors like JAMES MOSHER and DAVID TRUBEK who assume that policy learning on the basis of transnational communication or the exchange of policy ideas can trigger convergence tendencies (Ibid). Convergence caused by legal harmonisations through negative or positive EU integration is the scenario which is offered by authors like STEPHAN LEIBFRIED or FRITZ SCHARPF and last but not least there is the fourth category which is represented by authors like HANS-WERNER

SINN who expect convergence in the sense of a "race to the bottom" due to regulatory competition (Ibid). In contrast to these "convergence-expectations" STARKE and OBINGER mention authors like PAUL PIERSON, EVELYNE HUBER and JOHN STEPHENS or WALTER KORPI and JOAKIM PALME who rather argue in favour of persistence or divergence tendencies which are assumed to be primarily characterised by "incremental, path-dependent reforms that can be explained by domestic political and institutional factors" (Starke and Obinger, 2009, p. 117). STARKE and OBINGER themselves, who scrutinized if an increase or decrease of similarities has been characteristic for welfare state change in about 20 OECD democracies between the years 1980 and 2001, come to the conclusion that "limited convergence" probably can describe the policy developments during their chosen time frame best (Ibid, p. 136). In their eyes the degree of convergence in the chosen OECD countries was rather moderate (Ibid).

Due to the fact that one essential point of departure of this thesis has been the political cooperation in the scope of the Open Method of Coordination, the expectations definitely refer to the significance which is credited to transnational communication and the exchange of ideas and which, in the categorisation of STARKE and OBINGER, is assigned to the convergence scenario. But as already indicated in chapter 1.1 this thesis was as well based on the expectation the EU with the Open Method of Coordination primarily promotes a decentralised approach which considers the variety of welfare institutions as legitimate. A rather "partial and sectorally diversified convergence" (Kuitto et al. 2011:6) thus appeared to be by far the most realistic scenario that could be anticipated. It is against this background that the following remarks shall be given.

Already in the introduction of this thesis I argued that analysing one case which falls under the categorisation 'Nordic welfare regime' and another case which falls under the categorisation 'liberal welfare regime' would allow me to illustrate how 'the best pupils in class', whose policies are quite often taken as benchmarks for other member states, behave as regards their reform process. I considered it especially promising to choose Sweden and Great Britain for my case studies as their weaknesses do not significantly coincide so that it is quite reasonable to expect 'learning' processes which can be identified. If one of the two is urged to reform parts of its social protection policies it is most likely that it will be looked at how the other one is designing the corresponding policies. So, have Sweden and Great Britain moved somehow 'closer' to each other?

First of all, and starting with Great Britain as example, it has to be pointed out that when New Labour designed its welfare to work programme - the New Deal – there were according to DAGUERRE and TAYLOR-GOOBY three competing paradigms or models of active labour market policy available. They name the "French model" with its focus on social inclusion, the "Nordic model" with an emphasis on activation and the "American model" which specifically included the concept of workfare (Daguerre and Taylor-Gooby, 2004, p. 28). And obviously, as DAGUERRE and TAYLOR-GOOBY argue, it was the American workfare model with its focus on "coercion rather than social inclusion" (Ibid, p. 32) that remained the most significant benchmark for New Labour's policies. Beyond that the two authors claim that the decision of the British government to introduce the Jobcentre Plus - which brought all recipients of out-of-work benefits into one service (Wiggan, 2007, p. 418) - has clearly been inspired by the American approach[58] that prioritises personal services in the context of helping people to get employed again (Ibid, p. 31). So, concerning this matter there was at first glance no significant move towards Swedish or generally Scandinavian-style policy solutions. As well the fact that New Labour in the context of social protection policies has put more emphasis on "public-private partnerships" and more "contractual arrangements" led them rather further away from the Swedish path or the "social democratic tradition" as HINNFORS and SHAW has called it (Hinnfors and Shaw 2005:24).

Nevertheless, the available case study has illustrated that there exist other examples in the context of social protection policies which show that Great Britain has as well become more *alike* Sweden. First of all one can argue with DAGUERRE and TAYLOR-GOOBY that even the British New Deal has to a certain extent been influenced by the Scandinavian approach in the sense that it was tried to deliver a more tailored and especially a more intensive support for each unemployed person and that this has primarily been true in the case of helping the young unemployed to find a job (Daguerre and Taylor-Gooby 2004:30). Another issue that certainly has to be considered as an exception from the American influence and more resembles the

58 Altogether DAGUERRE and TAYLOR-GOOBY identify three reasons for the fact that New Labour based their policies primarily on American and not European policy ideas. The first one is that as well the British as the American welfare state represent a liberal regime which above all is characterised by means-tested benefits and that "[t]here is thus a case for seeing Britain as an exception in Europe, which helps explain the lack of interest in continental labour market policies designed to solve endogenous problems" (Daguerre and Taylor-Gooby 2004:34). The second reason for the dominance of American ideas in the context of British welfare modernisation is seen in the by far much more developed issue networks of the two countries which is characterised by regularly meetings of officials and academic experts (Ibid, p. 35). In this regard DAGUERRE and TAYLOR-GOOBY point out that "[n]either the DWP nor the Treasury has initiated a regular series of seminars and visits in European countries in a systematic fashion" (Ibid, p. 35). Last but not least the US assistance programmes were a "great success because it cut the welfare rolls" (Ibid) whereas the European countries during the late 1990s had to face very high rates of unemployment. So, adopting American ideas in the context of welfare modernisation seemed the "best solution for solving the problem of economic inactivity, when European labour market policies had failed on this front" (Ibid).

Scandinavian approach is the development of the British 'skills strategy' with its underlying human capital approach that should remedy the lack of British productivity compared to other European member states (Ibid, p. 32).

In the context of the overall goal to reconcile work and family the same differentiated picture can be found. One example for the adoption of Scandinavian style policies that the case study could give in line with the argumentation of KATHERINE FORBES, is the fact that Great Britain, despite its traditionally modest benefits levels and benefit durations developed a relatively "comprehensive policy framework for paid maternity leave" including the aim to "extend this framework further" (Forbes 2009:19). However, in the concrete context of childcare policy some major differences between Sweden and Great Britain become clearly visible when following RIANNE MAHON's argumentation that the Swedish policy development is based on an "egalitarian blueprint" with the following features:

> "(1) Parental leave structured to actively foster an equitable sharing of domestic childcare between fathers and mothers;
> (2) Provision of universally accessible, affordable, non-parental care services;
> (3) Children have a right to early childhood education and care, whether or not their parents are working or involved in some form of training;
> (4) Care is provided by skilled providers and the value of such skills is recognized through equitable wages and good working conditions;
> (5) Provision is made for democratic control, including parental and community "voice"" (Mahon 2001:5).

Now, comparing the development in Great Britain to this blueprint it becomes clear that New Labour's attempt to reconcile work and family still differs from the Swedish approach in some decisive points. DI TORELLA and MASSELOT mention in this regard that for example the very purpose of parental leave appears to be very different in the two countries. Whereas both authors argue that in Sweden parental leave aims at allowing parents to spend more time with their child, they interpret Great Britain's policy design in this regard as rather being intended "to deal with some sort of emergencies" (Torella di and Masselot 2010:75). As well the existing shortcomings in the context of paternity leave which have been described in chapter 5.1.2.1 are worth to be mentioned in this context. The fact that compared to Sweden there is no "daddy quota" in Great Britain, means that the question who takes the leave remains a

"private" matter between parents and is no matter for "public" intervention (Ben-Galim and Gambles 2008:190).

In the context of childcare services New Labour could achieve quite good results (see chapter 5.1.2.2) even if it needs to be pointed out that these policy measures still had a focus on improving access to care for the most disadvantaged of the society. Universal, accessible and affordable childcare was thus still a wishful thinking in Great Britain at the end of the research period. But the rhetoric clearly shows that Swedish, or Scandinavian style policies in general, have been taken, if not as a benchmark, then at least as a good example for British policy makers. For a better classification of this development it is necessary to keep in mind that Great Britain does not have any long tradition as regards the offer of universal childcare. In this regard it seems thus helpful to again cite TONY BLAIR who stated: "we know that we cannot build universal childcare or better work-life provision overnight. Scandinavian countries […] built up their provision over many years. […] [W]e all know that the years ahead also require more change" (Blair 2004).

Coming now to Sweden and the question to what extent its social protection policies have been geared to the British ones or, more general, to the 'liberal model', the following can be stated. As already mentioned, Nordic activation policies themselves traditionally represented a quite dominant policy paradigm and until 2006, during the reign of the Swedish Social Democrats, this policy paradigm together with the universal and egalitarian character of welfare policies has tried to be defended. The party made clear that the benefit systems should not be means-tested in the first line and any oversized private financing of central welfare services or benefit systems was disapproved (SDP, 2005c, p. 3). Nevertheless, as NANNA KILDAL pointed out, "two basically conflicting paths have […] been followed in Scandinavian unemployment policy during the 1990s; a 'citizen's income trajectory' based on the right to income protection, and a 'workfare trajectory' based on the duty to work" (Kildal 2001:13). Accordingly a development of slightly supplementing the Swedish income-maintaining system "by workfare-like schemes" (Ibid) has already started during these days and has not seriously been tried to reversed by the Social Democrats. On a more analytical level KILDAL argued that these schemes represented a "principle departure" from traditional welfare policies in the Scandinavian countries while at the same time such policy designs corresponded to a new path which was set by EU and OECD recommendations (Kildal 2001:13).

As the Swedish case study showed this development towards an increasing use of 'workfare elements' has then been reinforced when the new centre-right government came to power at the end of 2006. Most clearly this has become visible in the context of fighting youth unemployment and the introduction of the 'Job Guarantee for Young People' in 2007, which was characterised by the threat of withdrawing all benefit payments in the case of non-participation and a declining replacement rate. It can certainly be argued with BREWER who concluded that this reform brought the Swedish policy design much closer to its British counterpart, the New Deal for Young People (Brewer 2008:42). Another example for the fact that Sweden introduced policies which originally can be found in Great Britain is the introduction of the Employment Tax Deduction (ETD, Jobbskatteavdraget) in 2007, which was the first kind of "tax credit" that has been introduced in Sweden (Ibid, p. 40). Certainly, the Swedish ETD and the British Working Family Tax Credit (WFTC) differ significantly. While the WFTC focuses on families who have only a low income at their disposal and who have children, the Swedish ETD is available for every employed individual (Ibid, p. 40). Beyond that the British WFTC is not payed anymore above a certain level of earnings while the ETD in Sweden has no such "phase-out" arrangement. (Ibid; see as well chapter 4.1.2.3 and chapter 5.1.2.3). Nevertheless, a certain influence of British 'in-work tax credits' on the new Swedish policy design can obviously not be denied.

So, the conclusion seems to be the following. There are clear and visible signs that Sweden has in parts oriented its social protection policies on Great Britain and the 'liberal regime' that it represents. At least this holds for the mentioned examples in the context of unemployment insurance and tax policies. Nevertheless, it can hardly be spoken of a *radical* change in this regard as no 'one-sided' picture of for example decisions towards welfare to work elements emerged. For Great Britain nearly the same conclusion can be drawn. Especially the policies in the context of childcare and reconciling work and family seem to indicate that Great Britain to a certain extent tried to embrace the strength of the Swedish welfare state. But it is of course not the 'total package' of the social democratic welfare state that has tried to be copied in this regard. So, what might be concluded is that New Labour indeed has started to base some policies on what is called the idea of a 'social investment state'. In this regard RUTH LISTER argues that "[i]n the language of welfare regime analysis, it [the social investment state] represents a new hybrid model of liberal regime which combines liberal/neo-liberal and

social democratic tendencies"[59] (Lister 2004:176). However, it has to be pointed out that New Labour was far from introducing an all-embracing 'social investment approach' during the research period. The explicit 'work first' mentality of the policies which actually were introduced in Great Britain is probably the most prominent example in this regard.

Authors like TAYLOR-GOOBY and MARTIN therefore concluded that in the context of its welfare reforms Great Britain has shown the typical reactions of a liberal welfare state. According to them there remained for example the great concern that welfare should be regulated in a way that doesn't "undermine the individual's commitment to take responsibility for themselves" (Taylor-Gooby and Martin 2011:51). And even if childcare services have significantly been increased, the major driving force behind it was the typically liberal idea of targeting as these policies were primarily justified against the background of positive effects for disadvantaged children (Jüttner, Leitner, and Rüling 2011:97). It thus seems fair to conclude that the expectation which was already expressed in the chapter 1.2, namely that only a partial and sectorally diversified convergence of EU member states policies can be expected, has proved true. Against the background of the discussion related to convergence and path deviations the findings of my case studies clearly support TAYLOR-GOOBY's assessment which dates back to a point of time that falls into the last third of my research period:

> "[W]hile similarities in new policy agenda [which comprises the idea that social policy must contribute to enhancing national competitiveness] emerge, there is no obvious convergence: the distinctive character of different regime types and their attendant policy paradigms remains. In general, Scandinavian countries are more state-centred and more concerned with redistribution and universalism in their policies. […] The UK leans towards a more market centred approach, emphasising limited and targeted state involvement and a stronger role for the private sector" (Taylor-Gooby 2005:9).

It can further be concluded that during the research period 'the two best pupils in class' did not copy each other to the extent that one could identify the emergence of one 'ideal type European Social Model'. Apparently the ESM can be understood as an exercise of making the social democratic welfare regime a better *social democratic* welfare regime and of making the liberal welfare regime a better *liberal* welfare regime. During this exercise both regimes are inevitably moving closer to each other as they partly try to imitate the strengths from one

[59] As well WINCOTT came to a similar conclusion: "[W]hile the British welfare state has hardly become "social democratic," neither is it simply "liberal" in character. Perhaps the most important insight is that the British welfare state combines features characteristic of *more than one regime type*" (Wincott, 2006, p. 306).

another, but apparently they do not loose their basic identity or exchange it for a new one. For the chosen research period it might be indicated to conclude that the social democratic and the liberal welfare regime have never been more alike than in the years 2007/08. But the world-wide financial crisis which began in 2007 or the Euro-crisis which came to the fore 2009 changed this picture again as will be shown in chapter 7.

Beyond that there arised a quite principle and general question since the beginning of the financial crisis; namely the question if the approach of basing welfare policies on the idea of social investment, which was an essential component of the Lisbon Strategy and the European recommendations given to the EU member states during the research period, will continue to play such a central role or not. As MOREL, PALIER, and PALME argue, the idea of a social investment approach seems to specifically aim at "gathering together" the social democratic with the liberal tradition of welfare policies (Morel, Palier, and Palme 2012:360). In line with this argumentation as well chapter 3.2.2.1 depicted the European employment model as being based on the idea that a compromise of both traditions would and could be a 'vision' for European policy design. In strictly practical terms, however, as DE LA PORTE and JACOBSSON see it, this ambivalence left of course only a *possibility* to focus on intensive forms of social investment policies like for example human capital development (de la Porte and Jacobsson 2012a:118p). If then considering further that the rather cost-intensive idea of social investment policies as anchored in the EES is competing with the idea of balanced budgets as formulated in the scope of European fiscal policies, one didn't have to be a be a prophet to predict that the financial crisis would cause EU member states to use their room of manoeuvre and rather postpone the more expensive social investment policies in the face of exploding public expenditures. As short-term profits are hardly to earn with long-term investments this kind of behaviour appears to be quite evident and expectable. So, several years after the beginning of the financial crisis, it seems as if a quite decisive and fundamental discussion as regards social investment policies needs to be conducted. As HEMERIJCK formulates it we might either witness a new age of welfare policies guided by the social investment approach in the sense of "child-centred" and "learning-focused" policies or we might experience its "revert to marginality" (Hemerijck 2012a:55).

Principally it needs to be said that the development of the social investment approach made its way into European welfare policies because it gained a quite prominent place on the political agenda at the end of the 1990s, when primarily social-democratic decision-makers promoted

it as a chance to deal with quite high rates of unemployment rates and efficiency and productivity losses especially compared to the USA. A few years later, however, the political power relations changed and the EU member states became by majority governed by conservative parties or party-coalitions. This development, together with the beginning of the financial crisis in 2007, led to the fact that during my research period from 1998 to 2008 it cannot be spoken of a stringent policy development. Rather, when reading the corresponding literature, it neither became clear if the desired impact of social investment policies could be reached nor what the social investment approach actually comprised, what it actually "was" (Jensen 2012:63). Authors like HEMERIJCK therefore argue that from the late 1990s until the beginning of the financial crisis the social investment ideas were rather "launched" and "diffused" (Hemerijck 2012a:55) and MOREL, PALIER and PALME talk about the so called "emerging paradigm" which finds itself at a decisive watershed as regards its future significance for welfare modernisation processes (Morel et al. 2012:371pp).

But not only the question about the overall possibilities for the social investment approach to become a guiding principle of welfare reforms is contested. It is especially the contradiction between conceptualising the state as a "social investor" on the one hand and the rather restrictive formulations of the Maastricht criterias and stability pact on the other hand which lead to the expectation that the implementation of the social investment approach will remain rather limited (Hemerijck, 2012, p. 54; (de la Porte and Jacobsson 2012a:143). Most of the authors who discuss this contrast propose quite radical modifications. LUNDVALL and LORENZ for example argue for the introduction of a Common Fiscal Policy and an Economic and Social Union (ESU) instead of an Economic and Monetary Union (EMU) (Lundvall and Lorenz 2012a:348) and as well HEMERIJCK 2013 states that an effective monetary union is not possible "without a fiscal and political union" (Hemerijck 2013:13). Other authors like MOREL, PALIER, and PALME consider a change in the EU's macroeconomic model as necessary for a sustainable implementation of the social investment approach and are pleading for the inclusion of "environmental degradation", "human capital accumulation" or "sustainable growth" in the measurement of economic performance (Morel et al. 2012:368).
But beyond that it is as well debated if the social investment approach is *qualitatively* seen as the right solution; if it really suffices as a lifeline for the future design of welfare policies. There is for example the particular concern that the social investment approach might ultimately risk "to crowd out redistributive antipoverty policies" (Ibid, p. 374). Personally,

however, I consider another aspect of the social investment approach as rather critical and this relates to women and the role they are expected to play. Today it is especially ANTON HEMERIJCK who points out that "the real litmus test for future welfare state success will be the ability to resolve the tension between women's new career preferences and the continued desire to form families" (Hemerijck 2013:135). Already in 2002 he, together with ESPING-ANDERSEN, GALLIE and MYLES, made clear that "the financial viability of the welfare state in the twenty-first century depends critically on the both revenues genereated by high levels of women's labour force participation, on the one hand, and their willingness to reproduce the next generation, on the other" (Esping-Andersen 2002:160). It is thus an enormous pressure that the social investment approach in its current design and implementation generates for women. They are increasingly "trapped" and on the one hand confronted with the opinion that female employability is seen as „paramount to sustainable welfare states" and on the other hand with the argument that "parenting is crucial to child development, and thus to the shape of future life chances […]" (Hemerijck 2013:143). By no means should this be understood as an argument in favour of sending women back to the kitchen or to part-time employment. It shall be pointed out, though, that the role of women as conceptualised in the social investment approach is neither easy nor without objections.

As well authors like BEN-GALIM and GAMBLES have come to the conclusion that "work-family reconciliation [in the EES] is seen as a mechanism primarily to facilitate women's labour market participation, despite it often being presented as a way to share informal family care responsibilities between women and men" (Ben-Galim and Gambles 2008:183). The fact that no specific targets or incentives have been set in this regard (Ibid, 184) gets BEN-GALIM and GAMBLES to make clear that being responsible for informal care *should* be seen as the norm and that this requires changes in "government policies; workplace structures, cultures and practices; and within family relationships" (Ben-Galim and Gambles 2008:184). Of course, as the authors claim, social investment policies have already changed a lot of things and especially the ever increasing responsibility which public policies take in order to facilitate the reconciliation of work and family certainly helped women a lot (Ibid). But nevertheless I agree with their assumption that one of the most decisive steps is still missing, namely the serious attempt "to enhance women's labour market participation in ways that also promote gender equality" (Ibid).

Actually we are dealing with a paradox here, despite the fact that the state intervenes into the family sphere much more than ever before, by for example offering parental leave

arrangements and childcare provisions, an even more far reaching intervention appears to be necessary for implementing the social investment approach in a way that doesn't leave women with the feeling to bear most of the load. Policy initiatives like the so called 'jämställdhetsbonus', which has been introduced in Sweden and aimed at furthering equal opportunities in the context of the paid parental leave system, can on paper certainly be considered as a step into the right direction. One has to consider, though, that even in Sweden more than 40 percent of the Swedish fathers take parental leave but only 16% take the full time that is available (Blome, Keck, and Alber 2009:217). BLOME ET AL. therefore come to the conclusion that even in Sweden fathers seem "only to take the 'obligatory' part of the leave" (Ibid).

A further phenomenon that seems to occur nowadays is the fact that parents who are employed and have children don't have many capacities left for getting involved in voluntary activities that serve the society. Parents' councils in schools or kindergardens as well as associations often feel this effect. Especially double earner families find themselves in the situation that 'family time' becomes a precious heritage and they increasingly decide to consume it within the family instead of putting it at the disposal of non-profit purposes. Such developments shed light on the things which absolutely might go astray on the way to the most educated society which follows the lifelong learning mantra in order to be as numerously and as long as possible employed for making possible the financing of a social investment welfare state. For those who focus on the big picture and the chances that all-embracing employments with social insurance liability offer for the society this might be an insignificant collateral damage. But it is relevant for those who try to keep involved in society and it certainly plays a role as regards the question in which kind of society we want to live in. For even if politicians keep emphasising the importance of social inclusion that shall be achieved through gainful employment, the social cohesion of a society can probably not just be bought at the labour market. It is against this background that the contemporary German Minister of Family Affairs, MANUELA SCHWESIG, promotes the idea of a so called 'family working time'. It means for example that the weekly working time for parents with small children and a full time employment would comprise 32 hours instead of 40 hours (Schwesig 2014). According to SCHWESIG, the entirely normal insanity of today's family life conists of the need to split the available time between the job, the care of children, the care of the grandparents as well as civil and voluntary commitments (Ibid). And the most important conclusion she draws is, that we cannot leave this burden only on the shoulders of women

(Ibid). In my view this really is the crux of the matter and it is one of the most important aspects that need to be further discussed if the social investment approach shall lead the way for future policies. There needs to be, however, a broad discussion which does not only comprise members of European governments but as well business and trade union representatives as well as think tanks, scientists etc. and the discussion certainly needs to comprise the serious attempt to offer parents a job with a reduced working time that keeps being attractive and is offering perspectives instead of implying standstill and serious disadvantages. Otherwise it will remain an illusion that women can be both: an employee, at best on a high management level; and a mother, at best of two or more children.

An author who argues as well critically in this regard is MARY DALY. Admittedly she doesn't put the emphasis on the problem that gender equality is far from being reached and women therefore find themselves in situations where they often can't live up to the high expectations that nowadays are formulated. But she draws the attention to another aspect that goes hand in hand with the objective of reconciling work and family as proposed in the context of contemporary policies. According to DALY the current reforms risk to see people "only, or primarily, in terms of their functional utility" (Daly 2011:87). Above all, as she claims, "policy reform is not so much interested in the family-friendliness of labour market practices and norms as the employment-friendliness of family forms and practices" (Ibid, p. 85). This also includes that tasks which traditionally were considered as family tasks are increasingly redefined and redistributed to the market. Due to the fact that childcare is nowadays more and more ensured by public institutions the following two aspects come to the fore. On the one hand the "family life" of children typically is diminished (Ibid, p. 86) and on the other hand, as JÜTTNER, LEITNER and JÜLING point out, the increasing time that children spend outside the family in publicly offered childcare is increasingly based on the economic reasoning that only children which are adequately educated between the age of 1 and 6 can "contribute positively to society" and "will benefit the future labour market and the economy as a whole" (Jüttner et al. 2011:91). It is especially MARY DALY who formulates some critical thoughts towards the approach of ESPING-ANDERSEN who considers ‚high quality day care' as the core idea of social investment policies. Above all, DALY stresses that "contemporary policy has to engage with family not just as an economic unit but also as a social unit" (Daly 2011:75) and tries to accentuate this necessity especially against the background that family policy more and more appears to be subordinated under employment or economic policy. What should not be

forgotten is that the state certainly needs taking account of the fact that a lot of people want to live a "family-based" life which, above all, keeps alive the meaningful character of living together as a family and does not reduce every single family member to first and foremost being a market participant (Ibid, p. 78). One can even speak with KANGAS and PALME in this regard and claim that it "is important to promote individual choice, even in areas that have become subject to state intervention" (Kangas and Palme 2005:296).

Nevertheless, when trying to formulate something that can be called a quintessence we seem to be left with the very well-placed words of Anton Hemerijck who concluded in 2013 that the social investment state is still on the political agenda, "if anything because a lack of alternatives" (Hemerijck 2013:21). This means that a lot of inconsistencies remain and a lot of questions still need to be answered. Among them is for example the quite fundamental question of how much state interference into the exercise of family tasks can be considered as useful and helpful? In this context it has to be noted that thinking the idea of social investment right to the end, the 'defamilialization' approach as pursued in Sweden appears to lead the way. But it is important to keep in mind that the 'Swedish Model' has been developed on the basis of a particular form of statism which was built on a vision of a social contract between a strong and good state, on the one hand, and emancipated and autonomous individuals, on the other (Trägårdh, 2007).

To follow the 'defamilialization' approach as it is pursued in Sweden is thus far from being the most obvious solution and as well the question if we need more comprehensive steering and managing activities on behalf of the state in order to reach a real gender equality in European societies will thus not be answered that easily. In general, though, these questions will be answered against the background of the persuasiveness of ideas; and depending on how these questions will be answered the welfare state might actually be modernised into one or the other direction or it might not be modernised at all. Apparently there is no powerful presence of urging economic challenges or requirements in this regard which would make the development along the line of a social investment approach inevitable. It has to be admitted, however, that family policy is kind of a special issue in this regard as it is less institutionally based or grounded as for example labour market policy (Clasen 2005:181). CLASEN for example calls it an "open-field" for deciding about the scope and the type of public intervention (Ibid, p. 182). It is in this context that the importance of GOUL ANDERSEN's

constructivist model of changes in welfare policies, which stresses that a much more careful assessment of identified challenges is necessary as particularly the "relative emphasis" on them has not necessarily to be comprehensible (Goul Andersen 2000a:7), becomes apparent. Comparing for example the Lisbon Strategy with its predecessor, the EU 2020 Strategy, illustrates that the fight for ideas is an ongoing process. Whereas the Lisbon Strategy gave the aim of social cohesion a central place on the political agenda, the project EU 2020 is clearly focused on sustainable economic growth and the reduction of poverty, with the latter being a rather neo-liberal characteristic as some authors claim (Lundvall and Lorenz 2012a:347) But does it mean that the social investment approach is already in decline? The problem might be, as MOREL, PALIER and PALME describe it, that there is too much ambiguity as regards the social investment approach and as long as we don't focus on the "quality" of social investment, "social investment cannot properly be differentiated from the neoliberal paradigm" (Morel et al., 2012, p. 359).

Apparently, as both MOREL ET AL. and JENSON identify it, the social investment approach shares with neoliberalism the idea "that the market ought to be the primary source of wellbeing" and it "emphasises the importance of paid employment […]" (Jensen 2012:70). Beyond that it shares the diagnosis of unemployment, namely that unemployment is "a problem of supply and incentives" (Morel et al. 2012:360); it shares the idea that "power should be devolved to the lowest possible level" (Jenson, 2012, p. 77) and it confirms the idea that individuals have to "invest in their own human capital […]" (Ibid, p. 69). But the social investment approach as well distances itself from neoliberalism to the extent that it is rather sceptical about the possibility that the market can offer enough employment for everybody and therewith puts issues like for example wage supplementation on the agenda (Jensen, 2012, p. 70). Beyond that it promotes that the state should take more responsibilities by offering and ensuring comprehensive services like for example childcare (Ibid, p. 69) and it comprises the recognition that a lack of skills and adequate qualifications will have "negative consequences for poverty and social cohesion" (Morel et al., 2012, p. 362). Especially the latter three aspects are meant when MOREL ET AL. speak about the "quality" of social investment that according to them needs to be put into the focus and that needs to be concentrated on if the social investment approach shall become a "viable response to the many failures of neoliberals' vision of social citizenship" (Jensen, 2012, p. 82). However, the social investment approach remains a very ambivalent concept and implementing an

ambivalent concept will necessarily lead to ambivalent results. Probably there won't be any dissolution of this ambivalence and JENSEN'S conclusion that social investment can "take on multiple colorations" (Ibid) will not loose anything of its correctness. Which shape a social investment approach will take, and this has been confirmed by this thesis, "will depend in the first instance on the welfare regime to which it is being grafted and the extent to which that regime must depart from its past path in order to take up the perspective" (Jensen, 2012, p. 82). And it is at this point that the role of ideas gets back into play again.

Arguing in the sense of ROBERT HENRY COX, who claims that the question if far-reaching reforms are introduced in a country or not depends on the ability of ideas to provide a new direction for reforms and on the fact if intensive discussions of these ideas took place or not (Cox 2009:200), this thesis confirmed as well what JOCHEN CLASEN stated, namely that a new design of policies needs to be conform with the "aspirations of the people" (Clasen 2011:32). The Swedish case study has illustrated in this regard that in 2006 the New Moderates for the first time acted on the previously very social democratic assumption that without a well functioning social security system and a safe income only those who are already doing well for themselves dare to take risks and are able to develop. Apparently this new focus was much closer to the aspirations of the electorate which previously had disapproved the ideological attitude of the (New) Moderates for several times. The 'battle of ideas' is thus a fundamental characteristic of policy making and often a necessary precondition for policy reforms. In line with COX's assumption that "[p]olitical parties are the most important merchants of policy ideas" (Cox, 2009, p. 205), this thesis has analysed party political discourse developments in Sweden and Great Britain between 1998 and 2008. Supporting COX analysis, it could be shown that the ideological basis of party-political discourses is changing for both conservative and left-wing parties, making them more alike and leading to the often posed question in contemporary election campaigns: Where are the differences between them?

Broadly speaking it can be argued that the Social Democrats have devoted themselves more and more to the social investment approach, which makes labour market integration the overall aim of policies and the Conservatives put more and more emphasise on the capacity of the state which has particularly become visible in the context of childcare services but partly as well in activation policies or skills developments (Cox 2009:206p). Less "decommodification" or independence from the labour market on the social democratic side

and more "state intervention" and "regulation" on the conservative side (Ibid, p. 207) thus leads to the fact that the traditionally two biggest parties become ever more alike and that party-political success increasingly depends on the question who is better prepared to mediate new ideas (Dingeldey and Rothgang 2009:249). Which party is able to 'use' ideas in a positive way to describe a new reality and therewith to create legitimacy for future reforms (Cox, 2009).
Against this background it becomes clear why for example the Swedish Social Democrats finally lost their political power in 2006; they were not able to formulate any significant changes of the "Swedish Model" as "[t]he model has become part of their identity" (Cox, 2009, p. 212) and any reform would have appeared to be "a reversal of their achievements" or even a threat "to an aspect of national identity" (Ibid, p. 216). The same is true for the British Tories who for a long time continued to adhere to their traditional ideology before significant modifications and reorientations became possible.

But admittedly not only ideas are influencing the course of time. There are a lot of authors who identify several factors which are supposed to be significant for reform policies, and even those who primarily focus on the role of ideas do mention several significant factors which should be included in any analysis. DINGELDEY and ROTHGANG come to the conclusion that it is the combination of new ideas, reform pressures and institutional conditions which have to be considered "crucial in determining the capacity for reform in any given country or policy sphere" (Dingeldey and Rothgang 2009:249). ANTON HEMERIJCK answers the question of what finally determines the "selftransformative capacities" in a welfare state with "policy learning", "information feedback", "input of new ideas" and "inspiring success in other countries" (Hemerijck 2013:15). Especially HEMERIJCK stresses that „[s]ocial reform is not merely the outcome of a ‚contest for power' among stable political interests but […] reform is critically informed by the ‚play of ideas' […]" (Hemerijck, 2013, p. 16). And he bases his theoretical argumentation on what HECLO already stated in 1994, namely that "[p]olitics finds its sources not only in power but also in uncertainty – men collectively wondering what to do" (Heclo 1974:305).

As well this study has shown that ideas are an integral part of welfare state modernisation. Especially the importance of guiding ideas as offered by political parties could be illustrated and the importance of asking when and why new guiding ideas take a central stage has been proved. In this sense the present study confirms the estimation of KIMBERLEY J. MORGAN who

argues that while changes in party political electoral interests seem to be important for the implementation of reforms, the „ideational development is likely important in shaping the *content* of new social policy measures […]" (Morgan 2012:172). What should not be forgotten, though, is the fact that ideational development is often a very strategically matter which of course is based on existing interests. In other words, political competition is very far from being irrelevant for social reforms. HEMERIJCK for example emphasises the „independent effects of intellectual reorientation over pressing problems, also for reasons of political competition" (Hemerijck, 2013, p. 116). As this study has shown, the Conservatives both in Sweden and Great Britain have devoted themselves to a very remarkable ideational overhaul just to prevent the party from diminishing into political insignificance. The strategic framing of policy problems and solutions by political actors as suggested by GOUL ANDERSSEN's constructivist model of changes in welfare policies is thus a very central aspect of welfare modernisation, and authors like HEMERIJCK who discuss these aspects under the buzzword "welfare recalibration" rightly expect that very much depends on how political ideas are "translated" and placed on the political agenda (Ibid, p. 111). Indeed this appears to be one of the most crucial aspects that need to be considered when answering the question to what extent recommendations as given in the scope of the European Employment Strategy can help to trigger modernisation processes on national levels. Principally it seems fair to say that the way from a recommendation to concrete policy reforms typically leaves enough 'ideational room of manoeuvre' that can be used in very creative manners. A very good example in this regard has been given by EICHHORST and HEMERIJCK. The two authors argue that the OECD, with its so called 'Job Strategy' that has been issued in the middle of the 1990s, explicitly promoted more "employment efficiency" (Eichhorst and Hemerijck 2010:202) and recommended a „retrenchment of unemployment compensation, deregulation of job protection legislation, reduction of minimum wages, decentralization of wage bargaining, and lower taxation" (Ibid). EICHHORST and HEMERIJCK argue further that many EU member states indeed reformed their policies but that they did it in ways which "rather took a liking to social pacts, activation, active ageing/avoidance of early retirement, part-time work, lifelong learning, parental-leave, gender mainstreaming, flexicurity (balancing flexibility with security), and reconciling work and family life" (Ibid, p. 203). So apparently there is always a certain 'ideational room of manouevre' to handle economic challenges and this makes the importance of the role of ideas in welfare modernisation processes very clear. It is not a recommendation as such which causes policy developments but rather how the

ideas inherent in a recommendation are 'used' by political decision-makers. Accordingly it is very difficult to establish a causal influence of European cooperation procedures and the Lisbon Strategy even if some authors come to the conclusion that a "contingent convergence"[60] of performances as well as policy designs can be detected throughout the EU (Eichhorst and Hemerijck, 2010, p. 220). Of course some distintions must be made. This study has for example shown what as well MOREL, PALIER and PALME illustrated, namely that there is a definitive conformity in EU member states as regards the heightening of employment figures but less congruence when it comes to the question of reconciling work and family (Morel et al., 2012, p. 356). Also SEELEIB-KAISER speaks of a so called 'divergent convergence' which means common development trends despite persisting and significant differences (Seeleib-Kaiser 2008:218). The assessment of COCHRANE ET AL. from the year 2001 which predicted a balance between convergence and diversity thus still appears not to have lost anything in value (Cochrane, Clarke, and Gewirtz 2001:271).

But nevertheless and despite the differences that certainly remain, it seems fair to say that the European welfare states have never been more alike than in the years 2007/08 which marked the beginning of the financial crisis - even if national reforms "have not been guided by some grand design or carefully thought-out master plan[…]" (Hemerijck, 2013, p. 220) and even if the EU with its Lisbon Strategy has more *indirectly* contributed to welfare reforms (Hemerijck 2012b:12). Especially the latter finding has been confirmed with this thesis and admittedly this is a rather sobering result as at the beginning of the research process there certainly was the believe that all these political efforts that were brought within the Community framework must have some direct effects that can be identified and worked out. However, apparently it is not so much the created structure for political cooperation at the EU-level which serves as a catalyst for the 'European' ideas that have been formulated but rather the national circumstances especially in the sense of situations in which undesired policy outcomes lead to an ideational rethinking over time. LUNDWALL and LORENZ for example conclude that the Open Method of Coordination appears to be rather weak with a certain influence on the discourse but not so much on policy outcomes (Lundvall and Lorenz 2012a:338). Nonetheless, the selection of an ideational approach as analytical basis was very helpful. It helped to show that the national fight for the best idea, in order to win sympathy

60 HEMERIJCK argues that although many adjustments are regime-specific we are able to observe a remarkable 'convergence' of employment and social policy objectives. He calls this 'contingent convergence', which evolvs "around regime-specific strategies to resolve similar challenges and meet common objectives […]" (Hemerijck, 2013, p. 220).

and votes from the population, always keeps the circulation of ideas going and leads to certain effects. Even if these effects appear to be rather detached from European policy-coordination procedures.

To sum it all up, it seems fair to say that welfare reforms will not be pursued only due to the 'power of ideas', but without including the 'power of ideas' into any explanatory approach the big picture will be incomplete as well. Ideational approaches do have their entitlement in the world of theoretical approaches that seek to explain welfare state modernisation as they contribute to a better comprehension and classifying of political developments. This study has shown as well that especially party-political preferences and their underlying ideas matter and argues therefore in the same way as JOCHEN CLASEN does, who assumes that party differences can be "highly influential on the direction and profile of policy […]" (Clasen 2005:180). Derived from this can be what has been a recurring theme through this study, namely the major conclusion that underlies GOUL ANDERSEN's constructivist model of changes in welfare policies: the importance and relevance of the formation of ideas and preferences (Goul Andersen, 2000). So, even in the future the European Social Model will remain 'under construction' and taking the ideational perspective into the account of scientific reflections on welfare modernisation processes will be not only an asset, it will be a necessity.

7 What happened after the year 2008?

7.1 Sweden after the research period

Several years have gone since the Lisbon Strategy expired and was replaced by the new strategy EU 2020 which has been initiated in order to create conditions that would ensure 'smart, sustainable and inclusive growth'. At the same time, and almost parallel to the international financial crisis which began during the years 2008/2009, the European Union had to face the so called 'Eurocrisis' which consisted of a sovereign debt crisis, a bank crisis and an economic crisis. As a consequence the so called European Financial Stability Facility (ESFS) became operational and provided an important safety net for weaker eurozone countries. Countries like Greece, Spain, Ireland, Portugal and Cyprus finally applied for this European bailout package as their solvency was seriously threatened. It is only since 2013/2014 that a slight economic recovery can be noted and in the meantime Ireland, Spain and Portugal do not need any EU rescue package anymore.

Along general lines this is the background against which European policies as well as national policies have taken place since the end of the research period. In the following it shall be depicted how Swedish policies developed during the years 2008-2010 and from 2010 to 2014. Of particular significance in this regard is the party-political development as well as the introduction of policy reforms in contexts which have already been scrutinized during the research period. In the case of Sweden these are first and foremost the unemployment insurance system and policies in the context of reconciling work and family. However, the text includes also an illustration of the contemporary challenges that Sweden has to face. An analysis of the country-specific policy recommendations from the year 2011 on, shows that Sweden is not urged anymore to deal with the most central request that has been formulated during the research period, namely to 'make work pay' and to correspondingly reform its social security systems. Rather the Swedish government has to react towards the development of increasing poverty rates and increasing inequalities as well as the fact that the issue of skills development becomes more and more a topic that needs to be discussed. Concerning this matter especially the connection between the concept of social investment, which since the initiation of the EU 2020 strategy is of pivotal importance for European policy coordination, and its influence on domestic policies will tried to be elucidated. One question to answer is for example if some new or some different conclusions regarding the role and significance of European-level ideas for national decision-making can be drawn for the time

after the research period. Closing up, it will be discussed to what extent the Swedish welfare model has changed and if it still follows what can be called a 'social-democratic path'.

7.1.1 Political development 2008-2010

The political power relations in Sweden after the research period have developed as follows. In September 2010 the government, consisting of the centre-right alliance and headed by Prime Minister FREDRIK REINFELDT, was confirmed in office. In the run-up to these parliamentary elections there was, however, a quite exceptional and unprecedented development for Swedish circumstances as a real camp-style election campaign took place (Gmeiner 2011:82).

This situation arose primarily from the fact that the Swedish social democrats, after their clear election defeat in 2006, decided to act as part of a red-green alliance during the election campaign 2010. Especially the fact that neither the Green Party nor the Left-Wing Party were willing anymore to merely act as majority procuring parties for the social democrats and instead demanded to be involved in a potential red-green government by holding minister offices led to a joint campaign platform, which focused on environmental, social and employment issues and which even comprised a common budget proposal (Gmeiner 2011:80). Preceding this formation of party-political cooperation was, however, a quite substantial conflict within the Social Democratic Party. As BENGTSSON points out, the Swedish Social Democrats cultivate a great mistrust regarding the Left-Wing Party which, bluntly said, is traditionally deemed as a communist anti-establishment party (Bengtsson 2010:10). Initially MONA SAHLIN, who followed GÖRAN PERSSON as party leader of the Social Democratic Party in spring 2007, therefore only accelerated a more intensive cooperation with the Green Party and tried in this way to embark on a journey towards the 'political middle' (Gmeiner 2011:81). However, a storm of protest, initiated by the left-wing of the Social Democratic Party, finally forced MONA SAHLIN to even take up discussions with the Left-Wing Party; even if she herself previously accused them of not being suitable for the execution of government (Ibid).

Altogether the efforts of building a red-green alliance took place during the time of the world-wide financial crisis and therewith during a time when big Swedish companies, like for example Volvo, announced that almost every fourth job could be in danger (Ibid). Seen from a party-political perspective this was a situation in which the governing centre-right alliance

received the possibility to act as an effective government while the Social Democrats were busy with finding a political compromise with their new alliance partners and could not focus on using the bad economic situation for making political capital and taking advantage of it (Gmeiner 2011:83). Especially the attempt to convince social democratic voters about the new cooperation with the Left-Wing Party was rather difficult due to the fact that for example the Left-Wing Party accepted some principles of finance policy within this new cooperation, which they would never had promoted before (Bengtsson 2010:10). The left camp thus had some significant credibility problems, which, especially in the light of the global financial crisis, were significant and beyond that, as SUNDSTRÖM describes it, the Social Democrats, rather than acting as a political "hegemon" like usually, became only "a party among others" (Sundström 2012).

Afterwards it is thus quite easy to say that the inevitable finally happened: The Swedish parliamentary elections in 2010 became a disappointment for the red-green alliance as such and for the Social Democratic Party specifically. Even if the centre-right government was only confirmed in office as a minority government the Social Democrats themselves could not reach more than 30,66 per cents of the votes (compared to 34,99 per cent in 2006), which marked a historical low point in their party-political election results (Bengtsson 2010:13).

What is really interesting about this election result is the fact that the new historical low point for the Social Democrats was reached while the reform policies of the centre-right government since 2006 had resulted in the following developments: Under Prime Minister FREDERIK REINFELDT the level of unemployment benefits decreased and the tax deductibility of unemployment contributions as well as trade union membership fees was abolished (Engström 2010:7). Beyond that the unemployment contributions as such became differentiated and could now be higher or lower depending on the actual level of unemployment in the sector or industry the member is belonging to. This meant that in some cases unemployment insurance contributions all of a sudden could develop in a way that "individual unemployment insurance fees tripled" (Anxo 2012:31). Concerned were for example employees who worked in hotels, restaurants, the retail sale or the municipalities (Hillebrand-Brem 2015:130).

Authors like ENGSTRÖM and BENGTSSON point out that, as a consequence, about half a million people left the unemployment insurance system (Engström 2010:7); (Bengtsson 2010:8) and

that the trade unions lost about ten per cent of their members between 2006 and 2010 (Bengtsson 2010:8). It could thus be argued that the centre-right alliance aimed at weakening the position of the Swedish trade unions without fighting them directly but rather reaching their weakening as a side effect. Nevertheless authors like ANXO still come to the conclusion that even if a decline of union membership has to be noticed, "Swedish union density remains high by international standards (70 per cent) […]" and that "the Swedish model of industrial relations to date has been only marginally affected by these reforms […]" (Anxo 2012:32).

In July 2009, against the background of the international financial crisis and in order to prevent increasing rates of poverty and social exclusion[61], the Swedish centre-right government then decided to partially take back their tightening of requirements in the unemployment insurance system (inter alia (Hillebrand-Brem 2015:131). The individual contributions were for example lowered again by 50 SEK per month and the rule that a person had to be a member of an unemployment insurance fund for at least twelve months prior to unemployment in order to receive benefits was softened. In the year 2009, but only in this year, it was sufficient to have been member of an unemployment insurance fund for at least six months in order to qualify for receiving benefits. Beyond that it became easier to in the first place become a member of an unemployment insurance fund. All the years there existed a so called 17-hours rule which meant that working for at least 17 hours a week during at least four of the last five last weeks was a precondition to get the chance of 'entering' the system of unemployment insurance funds. This rule was taken away and thus benefited all those who were on parental leave, on sick leave or unemployed and could not fulfil the former demands (LO 2009); (Lagrådsremiss 2009).

As regards the level of unemployment benefits Sweden used to be one of the most generous countries and could be found on the sixth place of an OECD ranking from 2002; but it could reach only the 26th place in 2009, when the OECD conducted a new study in this regard (Sundström 2012). According to this study from 2009 only a minority would receive 80% of their previous income in the case of unemployment, namely 13% of the Swedish employees, and in total the level of Swedish unemployment benefits has declined in a way that has to be considered as "below the European average" (Ibid). Concerning the overall level of taxes the centre-right alliance in 2006 talked about a rather moderate lowering but as BENGTSSON and

61 "Between 2007 and 2009, employment decreased by more than 100.000, while the unemployment rate increased from 5.9 per cent to 8.4 per cent." In September 2009, the government decided on a further increase of SEK 10 billion in the central government grant to municipalities and county councils in 2010 […] in order to maintain and secure employment in the public sector" (Anxo 2012:34).

ENGSTRÖM point out this lowering finally comprised about 100 billion Swedish crowns (about 10,6 billion Euros) after four years (Bengtsson, 2010, p. 8; (Engström 2010:9). Thus, in 2010 Sweden still had a high tax rate when compared internationally, but compared to former years significantly less money was available for the welfare state (Engström 2010:9).

Against the background of what has been said above it seems fairly right to conclude that the policy recommendations given to Sweden during my research period have more or less been satisfied and did not play a major role anymore during the last years. While previously the most urgent need for reform which resulted from the European recommendations was to pursue reforms of tax and benefit systems (Council of the European Union 2001), European Commission, 2006c; 2007a) and the need to take further measures to reduce the high tax burden on labour income, in particular for those with a low take-home pay from work (Council of the European Union, 2000a; 2001; 2002; 2003) the background against which these recommendations have been formulated changed significantly. In purely quantitatively terms and according to an OECD ranking, the 26th place of Sweden as regards the level of unemployment benefits and tax reductions which comprised about 10,6 billion Euros in the years 2009/10 proved that there didn't exist any acute need for action anymore. Another clear indication is furthermore that compared to my research period the idea of 'improving work incentives' and the proposed solution of 'making work pay' (to reduce the dependency on benefits) did not take centre stage anymore for the policy recommendations which were given to Sweden.

As regards the reconciliation of work and family the Swedish centre-right government used its mandate to introduce several changes which weren't stipulated by European recommendations and which can be subsumed under the buzzword 'freedom of choice', resembling a kind of reorientation in the sense that private solutions in the context of childcare services increasingly moved to the fore. The policy developments since 2008 comprised, as already mentioned in the Swedish case study, a lowering of benefit levels in the paid parental leave system as well as the introduction of a gender equality bonus (the so called 'Jämställdhetsbonus'), which aimed at furthering equal opportunities and a more equal share of time in the context of the paid parental leave system. But the new centre-right alliance led by Prime Minister FREDRIK REINFELDT even introduced a flat-rate home care allowance and a childcare voucher system (barnomsorgspengen). The home care allowance is an untaxed

benefit of 3000 SEK (about €348) per month which is paid to parents after their earnings-related parental leave benefits expired (Duvander and Ferrarini 2013:5). Applications for child-raising allowance can be made for children over the age of one but younger than three and it shall give parents the possibility to further extent their home-time with the child instead of starting to use day-care services (Ibid). The critics that are formulated concerning this home care allowance are more or less the same as in other countries where similar benefits exist, namely that it supports labour-market exits of women and that it increases poverty as well as marginalization (Ibid, p.6/7). In 2013 the home-care allowance was offered by about one third of Swedish municipalities but the take-up rates have been rather low (Duvander and Ferrarini 2013:6).

The introduced childcare voucher system aimed at giving parents more freedom of choice regarding the different types of childcare. Especially the so called 'barnomsorgspeng', which was introduced in July 2009 and which is paid for children who are taken care of in approved nursery schools or after-school centres, but as well – and this is the decisive innovation – in approved forms of *individual* care, aimed at creating more alternative childcare services, like for example childminding homes or multifamily solutions. However parents can only take care of their child at home and receive the 'barnomsorgspeng', if they - at the same time - take care of at least as many *other* children as well. And this means that a mother or father has to establish a business concern that can show good day care competences. The amount of the 'barnomsorgspeng' corresponds to the average costs of day-care for children younger than one year and it was a political initiative strongly promoted by the Swedish Center-Party (Marmorstein and Heuman 2011). The new allowance has come in for criticism, however, as especially the opposition argued that the 'barnomsorgspeng' would take away money from the well-functioning and publicly run nursery schools and make it much more difficult to review the quality standards in Swedish childcare services (Ibid). Principally it is true, however, that the 'barnomorgspeng' can be split between several forms of childcare, which means that you can combine for example a multifamily solution with a certain amount of hours in a public nursery school.

7.1.2 Political development 2010-2014

From a party-political perspective the years 2010-2014 were quite difficult years especially for the Swedish Social Democrats. After the electoral defeat in 2010 MONA SAHLIN resigned as party leader but her successor, HÅKAN JUHOLT, remained in office only for ten month. In January 2012 STEFAN LÖFVEN was elected as the new Social Democratic Party leader and his focus was clearly on gaining modernity, governability and economic competence rather than stressing the rhetoric of redistribution and the criticism of private providers in the context of welfare services (Gmeiner 2013:10). In a way, as GMEINER sees it, the Social Democrats aimed at not being perceived anymore only as the representatives of the weak and the poor, alternatively the trade unions (Ibid, p. 11). The background for this new strategy certainly was the Social democrats' experience from 2010 when they decided to campaign for defending the principles of a universal welfare state and rather put their focus on the people 'outside' the labour market while the centre-right coalition could build a "cross-class coalition between the middle-class insiders and the high-income groups", which finally led to their election victory (Scarpa 2015:114). As a result, however, this kind of development leads to an effect, which can be observed in other European countries as well, namely that the political concepts of the Social Democrats apparently do not differ significantly from those of the centre-right alliance, except from a more intensive focus on human capital building (Ibid).

In order to become more externally visible, the Social Democrats since November 2012 tried to score with labelling themselves as the 'the party of the future' even if considered from a content-related perspective very traditional social democratic topics like 'more innovation' or 'better education' remained the top issues on the agenda. Concretely, the motto pursued by STEFAN LÖFVEN was to concentrate on more employment-creating investments and he argued for higher taxes in order to finance the deficits in the welfare and education system (Maass 2014:6). In the run-up to the Swedish parliamentary elections 2014 the Social Democrats did not make any coalition statements and tried to focus more on the 'competitive' or 'performance oriented' society. As already indicated this was primarily owed to the fact that in 2010 the Social democrats received not more than 22 per cent of the votes from those who were employed and it led to the effect that those 'high performers' were strongly courted in 2014 (Gmeiner 2013). Nevertheless the situation for the Social Democrats remained difficult because the party appeared to be "trapped" (Scarpa 2015:113); (Lindvall and Rueda 2012) in what LINDVALL and RUEDA call an "insider-outsider dilemma" which means that "tailoring their message to one group may alienate the other" (Lindvall and Rueda 2012:296). Beyond

that the attempt of the Swedish Social Democrats to consciously move to the political centre, where the centre-right alliance already had situated itself before, led in turn to the occurrence of an open space at the political fringe at the left and the right, which was reflected by a significant strengthening of both the Left-Wing Party and the Swedish Democrats, a right-wing populist party (Gmeiner 2013).

Regarding policy outputs the years 2010-2014 were insofar difficult for the governing centre-right parties as it had enormous difficulties to keep one of its' most central electoral promises. As SUNDSTRÖM summarises it, FREDRIK REINFELDT became elected in 2006 on the basis of the promise "to reduce the number of people living 'on the outside' of society" (Sundström 2012). But after six years of governmental responsibility he was confronted with an overall level of unemployment that was higher than in the year 2006, with about 70.000 long-term unemployed persons compared to 25.000 in 2006 and especially a long-term unemployment among young people which had increased about seven times since the year 2007 (Ibid). The number of people 'living on the outside' of society has thus significantly grown while the centre-right alliance ruled the country. At the same time the development on the Swedish labour market was characterised by an increase of as well low-paying and high-paying jobs, while the situation in the intermediate segments rather stagnated (Bengtsson 2013:12). A certain kind of 'polarisation' has thus to be noted which was accompanied by policies of the centre-right alliance that did not focus on the upskilling of the workforce (Ibid).
As SCARPA notes with reference to an OECD survey "Sweden was the sixth least unequal country in 2007 but it slipped down to the tenth position in 2011" (Scarpa 2015:109). Really interesting in this regard is the fact that the disposable income between the years 2005 and 2010 actually increased but apparently this increase predominantly benefited only those who were employed (Ibid, p. 110). "[R]elative poverty remained at a stable and low level among those in employment (around 6 per cent) but it increased considerably among those out of employment (from 25 to 40 per cent between 2007 and 2008, and then to 35 per cent in 2010)" (Scarpa 2015:110). Summarised, we have thus to realise that the development of the Swedish welfare state in recent years was characterised by "a redistribution of income from one part of the population [those outside employment] to the other [those in employment]" (Ibid, p. 112). In principle we have to note the emergence of a problem that was addressed already at the beginning of this thesis namely that the initial point for all European welfare states is a "service sector trilemma" (Hemerijck 2002). According to HEMERIJCK this means

that due to the political goals of the EU, which are formulated in the context of reaching both competitiveness and social cohesion, the welfare states are confronted with "a tough choice between full employment, income equality, and fiscal restraint" (Hemerijck, 2002, p. 5). Obviously the price that Sweden pays for introducing more work incentives and lower taxes is a higher rate of income inequality and therewith confirms the expectation of many scholars who have referred to the fundamental trade-off between efficiency and equity and emphasised that a reconciliation of the two is nothing else but difficult (de Mooij and Tang 2003:93). The Swedish experience thus teaches us that squaring the circle is still impossible.

Altogether it seems fair to conclude that a new situation has developed in Sweden. As already stated earlier the need to pursue reforms of tax and benefit systems in order to improve work incentives has obviously become devoid of purpose and it is possible to even comprehend this on the basis of the European policy recommendations that have been given to Sweden since the year 2010. The solution of 'making work pay' and the deducted recommendation of reforming the benefit systems in accordance with this policy maxim that was typical for the years of the Lisbon Strategy more or less disappeared. Instead it was replaced by quite general formulations like ‚monitor and improve labour market participation of young people and other vulnerable groups.' (European Commission 2011); European Commission, 2013; (European Commission 2014a) and provide ‚effective active labour market policy measures' (European Commission 2012a). In accordance with this situation the conservative Swedish government during the years 2010-2014 left the benefit systems quite as they were - especially as regards the unemployment protection system which constituted a major issue within the framework of my research - even if these were no longer rosy times.

As regards the situation of the Swedish unemployment protection scheme shortly before the parliamentary elections in 2014[62] it was true that "[o]nly 43 per cent of people who are currently employed have unemployment insurance" (Bengtsson 2013:10).

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62 The changes as regards membership fees in the unemployment insurance system "were partly reversed at the beginning of 2014, when membership fees were restored to about the same level as before the 2007 reform, although the tax deductions were not reintroduced" (Scarpa 2015:111).

Nevertheless the centre-right government during its' second term in office did not conduct any comprehensive reforms in the context of the benefit system and rather kept its' feet low. The major reason for this was the decision of the REINFELDT government in 2010 to set up a so called 'Social Insurance Commission' (Parlamentariska socialförsäkringsutredningen), that should deal with the issues unemployment insurance and health-care system against the background of increasing costs and the demographic development. All parties represented in the parliament were members of this Social Insurance Commission and there were quite differing speculations about the reasons for its initiation. While some media representatives guessed that the centre-right government aimed at reaching a similar result to 1994 when a historical cross-party solution for reforming the pension system could be found that still today is praised as a key decision for stabilising the Swedish economy (Garme 2011), others suspected a rather tactical reasoning in the sense of as long as the Commission is working the corresponding topics disappear from the political agenda (vlt 2013). Indeed it took the Commission five years to present a final report in 2015 and especially the results as regards the development of the unemployment insurance were quite unsatisfactory. Especially the New Moderates refused to agree on a higher benefit ceiling which in their eyes would finally lead to higher unemployment rates and the Social Democrats remained rather vague as they just talked about improvements in the unemployment insurance but without mentioning which benefit ceiling in their eyes would be necessary for such improvements (Nordmark 2014). However, one thing that the Swedish Parliament actually agreed on during the years 2010-2014 was that at the end of 2013 it was decided to take back "the differentiated (and thus for certain occupational groups higher) contributions to unemployment funds implemented in 2007" (Arvidsson 2014:3).

The fact that the focus on benefit systems disappeared as well from European recommendations as the Swedish domestic policy agenda, offers the opportunity to carefully think about the correlation of these recommendations and the national interests of a government. PAUL COPELAND and BERYL TER HAAR note in this regard that primarily the "formation of country-specific recommendations is a politically negotiated process both within the Commission, and between the Commission and the Member States" (Copeland and ter Haar 2013:31pp). DE LA PORTE confirms this view and points out that the recommendations "have to be based on well-founded analyses and could not be polemical of contrary to what the member states identified as key problems" (de la Porte 2011:497). Quite

concretely this means that "the recommendations are internally screened to ensure a harmonization between the member states, both in terms of the actual wording […] and the number of recommendations given to each Member state" (Copeland and ter Haar 2013:31pp). Furthermore there exist "informal bilateral negotiations" which give member states the possibility to discuss their proposed recommendations and to make them "suit their domestic priorities" (Ibid). Finally every EU member state holds "an informal veto over the approval of all country-specific recommendations" (Ibid), which clarifies that the ability of the Commission to intervene in domestic policies with the help of these recommendations is not as obvious as one might think (de la Porte 2011:496). The attempt to analyse if EU member states were able to deal with their weaknesses which have been identified in the scope of country-specific policy recommendations that were discursively backed up with specifically suggested solutions, has thus always to be seen against the background that these policy recommendations are by no means 'top-down' recommendations in the sense of the EU making certain specifications, but that they rather conform to interests and priorities of national governments. For assessing the role of ideas in a rather general sense this might be negligible to a certain extent but for any attempt of considering how 'European level ideas' are influencing national policies the ability of member states to shape the country-specific recommendations needs to be considered in any case.

During the years 2010-2014 there were again no specific policy recommendations for Sweden in the context reconciling work and family but the REINFELDT government continued to pursue it's efforts of introducing measures that would ensure a better 'freedom of choice' for parents. Since 2012, for example, parents are allowed to simultaneously receive parental benefits for 30 days during the first year after the child was born; and in order to restrict parental leave more to the early childhood a new reform was adopted in 2014 which determined that only a maximum of 96 days parental leave would be approved after the child's fourth birthday.

7.1.3 Human capital building as a new challenge for Sweden

Much more interesting, however, is the fact that since the years of the world-wide financial crisis a completely new problem area began to emerge in Sweden, which already became apparent in the 2014 recommendations. The topic of human capital building, which hitherto rather was a major issue for Great Britain, suddenly was identified as a necessary factor to

mention and Sweden was urged to “improve basic skills and facilitate the transition from education to the labour market” as well as to “reinforce efforts to target labour market and education measures more effectively towards low-educated young people and people with a migrant background” (European Commission 2014a). Even more striking, however, are the notes which can be found in the text preceding the actual policy recommendations for Sweden.

> „Despite high funding levels, there is evidence that learning outcomes in compulsory school as measured by international student assessments are worse than in the early 2000s, with Sweden now performing below both the EU and OECD averages in all three areas tested (reading mathematics and science). Moreover, the relationship between socio-economic background and performance has become stronger, and differences between schools have increased” (European Commission 2014a).

As well in the country-specific recommendations from the year 2016 a very good description of the new problem area that emerged, and that Sweden has to deal with, can be found.

> “Sweden experienced the sharpest decline in the educational performance of 15-year-olds of any OECD country over the past decade in the PISA survey, and is now performing below both the EU and OECD averages. Deteriorating outcomes of school education risk putting pressure on Sweden’s competitiveness and innovation capacity in the long run. An important performance gap between students with an without a migrant background adds to the education challenge” (European Commission 2016a).

Thus, the background for this new focus on education and upskilling in the country-specific recommendations for Sweden is a very concrete and quantitatively measurable development. Nevertheless, the new focus even reflects the development of the European discourse which came along with the transition from the Lisbon Strategy to its successor EU 2020. Exactly like the Lisbon Strategy even EU 2020 puts economic growth to the very centre of all political efforts. The most significant change, however, has been the introduction of the following five quantifiable key objectives (Europe 2020 strategy 2010):

1) Employment:
   - 75% of people aged 20–64 to be in work
2) Research and development (R&D):
   - 3% of the EU's GDP to be invested in R&D

3.) Climate change and energy:
   - greenhouse gas emissions 20% lower than 1990 levels

- 20% of energy coming from renewable
- 20% increase in energy efficiency

4.) Education:

- rates of early school leavers below 10%
- at least 40% of people aged 30–34 having completed higher education

5.) Poverty and social exclusion:

- at least 20 million fewer people in – or at risk of – poverty/social exclusion

Obviously, education and upskilling come much more to the fore on the European 2020 agenda as these aspects are now part of quantifiable and EU wide objectives and the social security systems, which under the Lisbon Strategy have been identified as the aim of reforms, play no major role anymore. While in the year 2000 the European Council among other things formulated the goal of securing the "sustainability of social protection systems" (European Council 2000) and the need of 'building an active welfare state' (Ibid, para 24), the EU now pursues rather the overall aim of fighting poverty. Referring to this, LUNDVALL and LORENZ notice that compared to the Lisbon Strategy's goal of pursuing 'social cohesion' as the major aim of a social dimension, the change towards 'poverty reduction' as pursued with the EU 2020 strategy meant a change towards what they call a typical (neo-)liberal view of the welfare state (Lundvall and Lorenz 2012b:347).

The actual situation in Sweden since the financial crisis appears to be such that the above mentioned EU-agenda indeed makes sense and appears to be quite plausible as a guide for political action. Even if Sweden doesn't seem to be in any severe kind of 'emergency situation' it nevertheless has to register "the sharpest decline in the educational performance of 15-year-olds of any OECD country over the past decade in the PISA survey" (European Commission 2016a).

7.1.4 European level ideas and national reforms

This again leads us back to question to what extent European level ideas are able to influence national welfare states and if in the case of Sweden some new or some different conclusions can be drawn for the time after the research period. To put it in a nutshell: Already a look at the relevant literature reveals that it obviously remains a rather sceptical assessment. Authors

like COPELAND and TER HAAR for example draw a rather reserved and general conclusion which holds that "it is difficult to get Member States to move beyond policy measures that they themselves identify as a priority" (Copeland and ter Haar 2013:33). As from their point of view country-specific recommendations seldom are anything different than national priorities they conclude that "the guidelines and recommendations of the EES/OMC have little significant impact upon the employment policies of the Member States" (Ibid). As well DE LA PORTE comes to the conclusion that Nordic "governments and politicians have not actively used the social OMCs to reflect upon weaknesses arising from the ongoing reform of the universal model, particularly gender segregation on the labour market" (de la Porte and Pochet 2012:341). As regards the significance of the EES for Swedish policies VIFELL points out that "Sweden makes only selective use of Europe and legitimating use is never seen from central policymakers" (Vifell 2011:248). Rather, "Sweden is seen as someone able to teach others how to create successful policies without being affected itself in the process" (Ibid).
Causal relationships in the sense of a top-down effect that stretches from the European to the domestic level are thus still difficult to detect; but concepts like 'cognitive infiltration' (van Gerven and Beckers 2009) or 'creative appropriation' –which means that national actors use EU concepts for their own purposes (Vanhercke 2010:133) - might be able at best to deliver some indications in this regard. The most prominent EU-level concept, which is kind of the 'umbrella concept' and which has been particularly relevant during the years 2010 -2014, certainly is the concept of social investment. Quite principally:

> "the discourse on the social investment state is intimately intertwined with the activation turn in welfare state policies, and calls for building a "knowledge economy" that promotes development of human capital. The main aim of such policies is to produce an adaptable, skilled, and educated workforce that can respond to demands of a so-called "knowledge based" labour market" (de Deken 2014:261/62).

Already the Lisbon Strategy was based on these core assumptions and as well the new EU 2020 agenda includes aspects of a social investment approach like for example the formation of skills and an inclusive high employment growth. A new kind of dimension was reached, however, when in February 2013 the so called Social Investment Package (SIP) was launched by the European Commission. As a reaction towards the threat that the EU 2020 poverty and employment targets could be not achieved due to continuous economic difficulties, the Commission with its Social Investment Package urged the Member States to continue investing in social policy areas as this, despite the difficult fiscal situation in the EU, would

contribute to saving costs in the future. The SIP consists of several non-binding documents like the Commission's Communication 'Towards Social Investment for Growth and Cohesion' (European Commission 2013b), the Commission's Recommendation 'Investing in Children: breaking the cycle of disadvantage' (European Commission 2013a) and several Staff Working Documents and has to be considered as the essential element of the European Commission's social policies for the years to come. It is quite striking in this regard, that within this Social Investment Package the modernisation of social protection policies has somehow 'moved back' to the European Commission's policy agenda. Compared to the research period, when modernising social protection policies was part of the country-specific recommendations that were given to member states in the OMC context, the issue of social protection policies can now be found within a framework that seems only to have a quite loose connection to domestic policies. It is for example not clear how the recommendations inherent in the Commission's Social Investment package will be mainstreamed and it is far from clear how the SIP as such shall be implemented (EMN Policy Note 2013). The most likely scenario is that "[t]he impact will depend on how the SIP priorities are mainstreamed through national policies and European framework programmes" (Ibid, p. 6). In this regard the role of ideas and how they are used and perceived by domestic policy-makers will again be an important issue that deserves to be considered.

What seems to be one of the most severe problems underlying the fact that the EU quite offensively pursues the social investment paradigm is that it apparently cannot solve the tensions which are empirically proved and which relate to the fact that "the proportion of people living in jobless households has hardly decreased in the EU in the wake of the employment and inclusion strategies, despite rising overall employment rates (Palme and Cronert 2015:17). To put it in other words it is far from clear if the social investment approach can really offer a chance to assure higher employment rates whilst simultaneously securing lower poverty rates. There remains thus a kind of 'vague' feeling, which PALME and CRONERT put into words as follows: [s]ocial investment may be a weak paradigm with unclear outputs and outcomes but there is still some kind of movement going on" (Palme and Cronert 2015:30).

However, especially the situation in Sweden, a country in which the at-risk-of-poverty rates have risen despite the fact that it always was what CANTILLON and VANDENBROUCKE call a "vanguard of welfare reform and the social investment turn" (Cantillon and Vandenbroucke

2014:321) makes clear that things are changing. Up to now Sweden never really had to deal with the issue of poverty since the country for a long time was taken as *the* example for how poverty successfully could be fought; the focus in the Swedish policy discourse has for years rather been on the attempt to combat inequalities (Palme and Cronert 2015:10). But apparently, as PALME and CRONERT state "Sweden has seen a drift, if not altogether away from the social investment paradigm, then at least away from Nordic social investment towards a Third Way approach" (Ibid, p. 18). The two authors have found that in Sweden the post-transfer at-risk-of-poverty rates have increased among all age groups except for those who traditionally are not the typical recipients of benefits from unemployment insurance, sickness insurance or social assistance (Palme and Cronert 2015:29); these are groups of those between 18 and 24, households with a very high work intensity and those above the age of 65 (Ibid). Accordingly they conclude

> "that the increased overall at-risk-of-poverty rates in Sweden are primarily driven by the gradual deviation that has taken place over the past decade, away from the Nordic approach to social investment, which combines social promotion with social protection, towards the Third Way approach in which social protection is not seen as productive" (Palme and Cronert 2015:29).

Beyond that they suggest that the Swedish drift is not merely "a result of economic necessity" but, "to at least some extent, a matter of political choice" (Palme and Cronert 2015:30).

The most explicit danger inherent in the social investment paradigm apparently is that the focus on activation and investment might leave the weakest members of society behind (Cantillon 2014:315). Despite the claimed necessity to care for a 'protection strategy' the rather redistributive part of social spending appears to be more in danger as its economic returns are almost always questioned first. As NOLAN mentions in this regard: "it is a legitimate concern that emphasizing the potential economic return from certain forms of spending in contrast to others could distract from the centrality of value-based choices in this arena" (Nolan 2013:467). How to value and measure such economic returns is then again the next open question and depends on a multitude of factors. VANDENBROUCKE and VLEMINCKX point out that it is an essential and very fundamental question if „a social investment strategy reaches work-poor households with the jobs it creates. This requires clever targeting of employment policies and perseverance, but it is not impossible per se" (Vandenbroucke and Vleminckx 2011:456). Beyond that they make clear that "education may be a driver of a virtuous egalitarian circle or, it may be a driver of a vicious inegalitarian circle" (Ibid). In the

same vein they point out that "reforming labour markets in order to enhance job opportunities for low-skilled women and to reduce the proportion of work-poor households is crucial if childcare is to play its social investment role adequately" (Ibid, p. 462).

Even for the time after my research period it is valid that European level ideas like the social investment approach keep its vagueness and therewith leave very much scope for an adaption of these ideas to national circumstances and priorities. It should be kept in mind though, that European actors like the Commission are very much interested in playing the game like this since the EU is primarily "judged on the mobilising power of its initiatives, or, put differently, on its success in setting the agenda" (Borrás and Radaelli 2010:39). According to BORRÁS and RADAELLI the influence of EU-level coordination has therefore rather to be seen in its capability to principally catch political attention and to safeguard the European integration process as such and does not necessarily depend on concrete solutions to policy problems (Ibid). This means that European actors like the Commission simply throw a ball into the group, like for example the idea to modernise European welfare states on the basis of a social investment approach, and then it is closely monitored and ensured that the EU member states keep playing and working with that ball, while it is *their* task to decide how they want to play and in which manner they want to fill the concept of social investment with life. As already mentioned earlier, the implementation of a social investment approach depends on a lot of different factors and can be pursued in many different ways. As such it appears quite logical that one major feature of the new EU 2020 strategy is to call on the member states to set and pursue their own goals which then in sum make the European objectives appear as being achievable (Dräger 2010).

In the context of setting one's own goals the concept of agency of course plays an important role but as well what DUDLEY 2013 called 'the role of narratives in policy windows'. And indeed, for Sweden these seem to be the times in which policy makers need to discuss in a consequence about the approach of social investment which never existed in that way during the time of the Lisbon Strategy. It is an accepted hypothesis that the social investment approach with its emphasis on 'making work pay' - that especially for Sweden has been so relevant during my research period – "justified – and thus contributed to - the retrenchment of traditional unemployment benefit programmes (in nearly all welfare states, the Scandinavian welfare states included); and that the retrenchment of unemployment benefits programmes generated poverty" (Vandenbroucke and Vleminckx 2011:454). In a way it can thus be

concluded that the implementation of the social investment approach - as pursued during my research period - had a "detrimental effect on the living conditions of vulnerable people" (Ibid) and therewith created its own further need for action.
In the context of determining the kind and the scope of action which is considered necessary to cope with this situation, ideas certainly play an important role. But as already indicated elsewhere, ideas do not work per se. DUDLEY for example points out that ideas "must adapt to changing contexts and circumstances" and "they must construct a relationship with each passing moment in time" (Dudley 2013:1141). It is in this regard that 'narratives' become one of the most important mechanisms by which "ideas win popular support" and create "perceptions of […] meaning" (Ibid, p. 1142). The idea of a social investment strategy and its corresponding 'narratives' need for example to be adapted to the circumstance that "the erosion of the tax base" as well as "the imperative of budgetary austerity", which both are typical for the changing contexts in the aftermath of the international financial crisis 2008, are significantly threatening any idea of solidly backing up the investments that are deemed necessary (Vandenbroucke and Vleminckx 2011:463). Beyond that it has again to be stated that there are always some ‚economic problems out there', as GOUL ANDERSEN called it (Goul Andersen 2000b), which do influence the power and significance of ideas. The EU 2020 strategy with its clear focus on fighting poverty can for example be seen against the background that nowadays employment does not fundamentally protect against poverty anymore. The proportion of the so called 'working-poor' has dramatically risen in several EU member states and while it was the Lisbon Strategy's credo to count on the assumption of employment being the best option to prevent poverty and social exclusion, this idea is increasingly loosing its charisma and needs to be adapted to the new circumstances.

Thus, the narratives that need to be created and communicated around the idea of social investment now should focus on working out the advantages and benefits of this approach so that it remains or maybe rather starts to be an 'idea whose time has come' (Dudley 2013). From a more theoretical perspective the modernisation of European welfare states since the end of my research period is possibly passing through the following stage: "existing ideas are questioned and tarnished, opening up political space new ideas can fill. In this phase, in other words, a demand for new ideas is created by the perceived failures or inadequacies of the reigning one(s)" (Berman 2013:227).

In this context the question arises why there was a political space opening up which needs to be filled by new ideas or by old ideas which are cleverly adapted to the new circumstances. In the literature there is often the hint to the significance of exogenous shocks and structural changes in this regard but as BERMAN states "a focus on such factors alone leaves many crucial questions unanswered" (Ibid, p. 228). The international financial crisis should therefore not be considered as the only trigger for the shift on the European agenda towards more efforts in the context of fighting poverty. As already indicated above, it is possible as well to interpret the necessity of increasingly fighting poverty as a kind of logical consequence that is contained in the whole concept of the social investment approach.

The European policy agenda has been characterised by the social investment approach since the beginning of the Lisbon Agenda but just the 'attractiveness' of an idea is not enough to 'make it come alive'. Rather, "things such as its ability to attract clever and powerful champions, fitting, and providing easily understood explanations and solutions to contemporary problems probably play significantly more important roles" (Berman 2013:228/29). The critical issue as regards the social investment approach of course is, that there are – as it is so often the case with such vague concepts – no easy explanations and solutions which can be derived, and above all positive outcomes will not materialize in the short run. VANDENBROUCKE and VLEMINCKX rightly point out that "[s]ocial investment is a long-term strategy par excellence" and [i]n the long term, its outcome may be positive" (Vandenbroucke and Vleminckx 2011:462). Admittedly, this sounds very vague and seems to be another example of the motto 'all things optional, nothing is a must. Beyond that it has to be admitted that in the contemporary literature there are rather sceptical assessments as regards the extent to which domestic actors actually have picked up the idea of social investment and tried to develop it. As NOLAN puts it:

> "The considerable success achieved over the past decade or more in injecting the language of social investment and social policy as a productive factor into the mainstream of EU and in some cases national policy debate has not been matched by evident engagement of that audience" (Nolan 2013:466).

As well CRESPY and MENZ refer to the lack of political support, particularly as regards the already mentioned European Commission's Social Investment Package. Although the Commission launched an 'agenda for new skills and jobs' within the framework of Europe

2020, the two authors argue that this initiation was not followed by any significant implementation measures (Crespy and Menz 2015:764). Beyond that they even criticise that:

> "[t]he second so-called 'flagship initiative of Europe 2020', the platform against poverty, has been poorly linked to the other policy dimensions, leaving the benchmarks likely to remain unachieved" (Crespy and Menz 2015:764).

It seems thus fair to conclude again what has already been concluded for the Swedish case during the research period 1998-2008: it obviously needs some specific circumstances under which a certain cognitive framework inherent in the EU discourse becomes so powerful that it is actually 'picked up' at the national level and challenges the traditional guiding principles in a member state.

The Swedish case study for the years 1998-2009 could show that the New Moderates with the help of a clever and good strategy were able to use a solution offered by the European discourse, namely to modernise social protection systems in a way that "benefits aimed at those who are able to work provide effective work incentives" (European Commission, 2005b, p. 6) and made it the basis for their claim that moderate cuts in the welfare system were necessary. Due to the fact that the Swedish Social Democrats as the direct political opponent did not follow this argument but could not offer an alternative that seemed promising enough to change the situation of quite high unemployment in times of a good economic situation either, the solution inherent in the European discourse became an option that finally seemed worth trying.

Today, several years after the research period, the Swedish situation seems to be all about the phenomenon that hitherto rather untypical problems are emerging like declining learning outcomes or a stronger relationship between socio-economic background and performance as well as increasing post-transfer at-risk-of-poverty rates. How and if domestic actors will use the EU's concept of social investment in the sense of "pushing for policy reforms" (Stiller 2009:33) will thus be one task in order to assess in which form the approach of social investment will stand the test of time, not least as one of the major guiding principles for European policy coordination.

Yet, equally important for assessing the significance of the social investment idea might be the extent to which empirical social research can identify its effect in terms of policy

outcomes. In other words, the credibility of the social investment project "depends on the availability of empirical studies showing that returns do materialize" (Nolan 2013:462). From a more analytical point of view it remains the big question if on the basis of the social investment approach it is possible "to structurally *replace spending* on cash benefits for working-age adults and their families with *employment creation*, and to simultaneously *reduce poverty* among working-age results and their children" (Vandenbroucke and Diris 2014:8). This question has accompanied welfare reforms during the last decade and the question still is and apparently will remain open for debate.

7.1.5 What about the 'Swedish Model'?

Admittedly, during the financial crisis - especially between the years 2008 and 2010 - the Swedish centre-right government introduced a stimulus program for the country which comprised among other things investments in infrastructure projects, more money for education and active labour market programs and a significantly higher state funding for the municipalities (Lundvall and Lorenz 2012b:241/42). But, as HILLEBRAND-BREM claims, this short-term strengthening of traditional principles of the Swedish Model does, nevertheless, not reverse its increasing abandonment, which in her eyes was already initiated during the severe financial crisis at the beginning of the 1990s, by the Social Democrats reactions towards it and finally by the policies pursued since the centre-right coalition came to power in 2006, which all in all led to significantly increasing inequalities in the Swedish population (Hillebrand-Brem 2015:112).

It is against this background that a lot of authors argue that the Swedish model, in its contemporary shape, has suffered a great loss from its former strength. SUNDSTRÖM for example criticises the REINFELDT government which according to him tried to offer the Swedish model at lower costs while simultaneously ensuring significant tax cuts. "[T]he cracks in the model are evident – and a government that has not understood that the combination of the market and tax cuts will not solve everything. You need active politics as well" (Sundström 2012). Authors like BENGTSSON are singing from the same song-sheet and refer to the many indications which would stand for the undermining of "the overall quality of public care services and the scope of the social insurance systems" (Bengtsson 2013:14). Especially BENGTSSON claims that after the year 2006 „the Swedish Model has fundamentally changed its control orientation from a planned focus to a market structure. Even if the welfare

system is still financed jointly via taxes, it is increasingly private in the operational sphere" (Ibid, p. 6). He even issues a warning to other EU member states since according to him the deregulation strategies in the Swedish welfare service sector gained first and foremost private companies and big corporate groups which focus on their profit maximisation[63] and repress the non-profit alternatives (Ibid, p. 13). As well HILLEBRAND-BREM points out that the obvious privatisation of social services like childcare, retirement homes or educational institutions is accompanied by a drastic change of the welfare state model even if most of the services are still financed by taxes (Hillebrand-Brem 2015:131).

But as well in the context of family policy the Swedish Model has changed. As ELLINGSÆTER already summarised, some authors argue, that the Swedish welfare state would still follow the 'social-democratic path', even if they admit that the increasing focus on 'choice', which has been incorporated into childcare policies under the centre-right government headed by FREDERIK REINFELDT, would represent some kind of 'hybridisation' (Ellingsæter 2014:556). Others are clearer in this regard and suggest that Swedish childcare politics, respectively Nordic childcare politics in general, are a heading towards 'free-choice' solutions which are rather typical for neo-liberal approaches (Ibid). Especially the 'cash for care benefits', which have been introduced by the REINFELDT government in 2008 are interpreted as counteracting the traditional dual earner/ dual carer model (Ellingsæter 2012) and as stressing 'choice' at the expense of 'gender equality' among parents (Duvander and Ferrarini 2013). What has again to be mentioned in this regard is, however, that especially the introduction of 'cash for care benefits' was part of a political compromise between the Christian Democratic Party and the Liberal Party (Ibid, p. 5). In order to create and maintain peace within the centre-right alliance the Christian Democrats were allowed to pursue their idea of supporting parents who don't want to use public day care and instead take care of their child by themselves but they had to accept that as well the Liberal Party had its will and could promote the 'gender equality bonus' which was a logical consequence of the parties traditional commitment to "gender equality and earner-carer policies" (Duvander and Ferrarini 2013:5). We therefore find the situation that the same government that was responsible for introducing policies which

63 A cautious 'opening' for more private-sector oriented influence in the Swedish welfare system was certainly launched by the Social Democrats but since 2006 the centre-right alliance has given such influences much more space and made the withdrawal of profits in the welfare service sector a widely discussed issue in Sweden (Maass 2014:5). While the Social Democrats aim at increased quality demands and discuss the restriction of profits without a general questioning of private solutions for welfare services (Bengtsson 2013:7) it appears as if [m]ost people are critical of the current arrangements, but they disagree on the alternatives […]" (Ibid, p. 13).

apparently contradict the traditional Swedish model, introduced as well a reform that definitely was in line with previous developments in Swedish family policy. It might thus be wise to keep in mind what ELLINGSÆTER noted, namely that the analytical deduction, which derives a 'hybridisation' of the Swedish model from the introduction of cash-for-care benefits, might be a "premature judgement" and only "a temporary situation" (Ellingsæter 2014:572). Especially the Social Democrats and the Green party, which again build the government since 2014, favour a "reinforcement of earner-carer policy orientations" and authors like DUVANDER are probably right with their assessment that the "different goals in family policy will continue to be a battleground for fierce political debate also in the coming decades" (Duvander and Ferrarini 2013:10). As the values of 'equal parenthood' and 'parental choice' seem to be rather opposing ones, we might as well witness an ongoing dispute about concrete policies in which those values are reflected; most prominent in this regard are for example the daddy quotas in the parental insurance system and the already mentioned cash-for-care benefits (Ellingsæter 2014:571). A final conclusion of the developments in Sweden might be that the earner-carer model "is no uncontested policy equilibrium" (Ibid, p. 470). Altogether the revised approach in Swedish family policy still seems to offer a solution to European demands and concerns as formulated in the scope of the Employment Strategy but is has developed in a way that can be described as a "more market-oriented and less equalizing approach than has traditionally been followed" (Tunberger and Sigle-Rushton 2011:235).

It can be assumed that since the end of the research period in 2008 the Swedish model apparently seems to have lost some of its exceptional features, which at the beginning of the research period made the country to a more or less 'ideal-type' model and benchmark for other EU member states. Nevertheless there are authors like SCARPA who assume that the Swedish welfare state despite the mentioned changes and developments "has maintained its distinguishing characteristics and continues to stand out in comparison with other EU countries" (Scarpa 2015:121). As well CANTILLON states that "although the Scandinavian countries have been losing ground, they continue to set the example when it comes to simultaneously achieving high employment, low poverty, and high-performance economic activity, albeit accompanied by high social spending" (Cantillon 2014:304).
On the other hand we find authors like VIFELL who concludes that "a number of indicators point towards a trend from a universal model towards a more market-conforming "liberal" welfare model" (Vifell 2011:234) and authors like POCHET who tries to see the new approach

of the Swedish welfare state positively: "[w]e and they may now be able to learn from each other in a much richer vein than was possible when the Nordic model was viewed from afar as an unreachable Holy Grail" (Pochet 2015). How much the Swedish welfare state actually has changed becomes clear when realizing that in 2013 the British Economist - which is a weekly news magazine usually characterised by advocating 'free-market solutions' - praised the new Nordic model as "the next supermodel" and as a proof that the injection of market mechanisms sharpens a welfare state's performance (The Economist 2013).

Personally I think that particularly the insider-outsider phenomenon, which in the Swedish context is a rather new one, is nothing that characterises a supermodel. Certainly, during the financial crisis the Swedish government has tried to solve problems rather via tax policies instead of benefit reductions (Hillebrand-Brem 2015:124) but according to GUNNAR HEINSOHN from Bremen University, Sweden has the highest increase of inequality since the 1980s among all OECD nations (Heinsohn 2015) and this development is nothing that that should serve as a European benchmark. But the insider-outsider phenomenon cannot only be used for an assessment of the Swedish Model but allows as well conclusions as regards the influence and significance of 'ideas'. De facto the Swedish centre-right alliance during their reign declared „all forms of welfare dependency as a problem of ‚outsiderness' […]" (Scarpa 2015:114) and independently of how imprecise, unclear or unscientific this term might be, SCARPA notices that "the […] evolution of this term in the Swedish social policy debate seems to have contributed to detach, rhetorically but also substantively, the domestic welfare reform agenda from the EU policy discourse on social protection and social inclusion" (Ibid, p. 122). In other words European benchmarks like the Laeken indicators which were introduced to monitor and measure poverty rates and social exclusion in the EU were kind of replaced by the Swedish national indicator 'ütanförskap' (Ibid). For European ideas this means that they indeed, as already determined in the Swedish case study, seem to rather build something that could be called a 'background-setup' because the actual implementation or realization of these European ideas obviously depends very much on the particular political parties, their national discourse and their strategic orientation. Of course there might develop situations in which 'European ideas' are taken up nationally; but apparently this doesn't happen due to their overwhelming persuasiveness but rather because the national framework conditions in this very moment are taking a shape that allows for a fallback on European ideas. Thus, if one understands European recommendations as "technical expertise" it can be argued with

SCARPA who considers that there exists a certain „primacy of partisan politics over technical expertise" (Scarpa 2015:122).

With regard to the European welfare models as such and looking beyond the comparison of Sweden and Great Britain, there seems to exist a development that most appropriately might be called a ‚carousel-effect'. If one type of welfare model adjusts certain policies there might be problems popping up that are already well-known from another type of welfare model. Seeing the big picture this for example means that today Sweden has not only to face the 'insider-outsider debate', which used to be rather typical for the continental welfare systems, but as well that the traditionally more continental topic 'freedom of choice' has become quite prominent on the Swedish political agenda of reconciling work and family and increasingly puts the country's longstanding policy for discussion that both parents are encouraged to work fulltime while their children are taken care of all-day in a public day nursery. Beyond that, Sweden during the last years has been confronted with a decline in the educational performance and is recommended to "improve basic skills and facilitate the transition from education to the labour market […] Reinforce efforts to target labour market and education measures more effectively towards low-educated young people and people with a migrant background" (European Commission 2014a). Admittedly this is a recommendation that previously was rather typical for Great Britain and leaves us with the conclusion that European welfare models appear to move closer together due to a certain 'carousel-effect' which seems to kind of reallocate 'problems' and 'solutions' between the different countries.

7.2 Great Britain after the research period

An analysis of Great Britain's country-specific policy recommendations from the year 2011 onwards shows that they still appear to be targeted on similar issues as during the times of the Lisbon Strategy. We are dealing, however, with the phenomenon that the conservative government since the year 2010 started to dismantle the British welfare state in a way that appears to be a very convinced disregarding of any European agenda or policy coordination like OMC. The question of how much influence European policy coordination processes actually had on national welfare reforms since 2010 thus imposes itself here and shall tried to be answered. One question to answer is for example if some new or some different conclusions regarding the role and significance of European-level ideas for national decision-making can be drawn for the time after the research period. Closing up, it will be discussed to

what extent the British welfare model has changed and to what extent it develops an ever increasing liberal character.

7.2.1 The British government change in 2010

When in 2007/2008 the global financial crisis began to escalate the Tories blamed the New Labour government to be jointly responsible for this situation and deemed their social policies to be "too costly" and to be the reason for an "excessive public expenditure" as well as "a bloated public sector" (Dorey 2015:55). Obviously, the major effect that resulted from the Tories' strategy, to primarily establish causality between the economic crisis and the level of public expenditure under the New Labour government, was that people indeed blamed Labour politicians more than banks and their economic activities or the overall concept of neoliberalism to be responsible for the financial crisis (Dorey 2015:56). As DOREY notes, the Conservatives' discourse mainly consisted of broaching the issue of "Labour's over-spending" or "Labour's debt" (Ibid) and the attempt to above all criticise Labour's so called "big government approach" (Ibid, p. 57). Furthermore the Conservatives promoted that a Tory administration would deliver more while spending less and that people should regain power in order to realize a so called 'big society'. Consequently the Tories during the election campaign 2010 prioritized what they called a move from "state action to social action", which primarily meant a reduced role for central and local governments and a more intense focus on the support of "social enterprises" (Dorey 2015:58). The need to reduce state interventions thus took centre stage for the Conservatives in the aftermath of the financial crisis and this strategy clearly differed from New Labour's approach which admittedly was based on cuts of public expenditure but which nevertheless appeared to be an attempt of convincing the electorate that it was the government who could help them (Johnston 2010). For a better understanding of the situation it is worth remembering that public spending since the New Labour government came to power (1997) raised from "£ 419 billion or 36.2 per cent of the economy […to] £ 629 billion, 39.3 per cent of the economy [in 2009]" (Johnston 2010).

The general elections 2010 as such have then been described, by authors like for example KRÖNIG, as very incisive and were considered to be the beginning of a new stage in British policies that would lead to profound changes, certainly not least for the welfare state. The incisive character of the general elections 2010 can on the one hand be attributed to the

British budgetary deficit which in those days amounted to about £170 billion and 12 per cent of the gross national product; therewith corresponding to the EU widely discussed budgetary deficit of Greece as KRÖNIG mentions (Krönig 2010:2pp). On the other hand the general elections 2010 resulted in the need to build a governmental coalition, which was a new and unprecedented situation for Great Britian (Ibid). With 29 per cent of the votes New Labour could only reach the second-worst election result since the year 1918 and was no longer able to assume the responsibilities of government (Steffen 2012:1). The Conservatives, however, received 36.1 per cent of the votes but had to build a governmental coalition with the Liberal Democrats who on their part could reach 23 per cent of the votes (UK Political Info 2010). All other parties that ran for election on 2010 received not more than 1.7 per cent of the votes (Ibid).

So, in 2010 New Labour had to pay the political price during times in which Great Britian found itself in a precarious situation and the new governmental coalition, consisting of the Conservatives and the Liberal Democrats immediately started to formulate their policies in the context of their declared priority, namely to reduce the budgetary deficit (Steffen 2012:1); Dorey 2015, p. 58). As already indicated this reduction was tried to be reached by "a far-reaching restructuring of state services, involving significant transfers of responsibility from the state to the private sector and to the citizen" (Taylor-Gooby and Stoker 2011:4). Certainly New Labour during the election campaign had as well announced significant cuts in the context of public spending. But while New Labour's intention was to save about £72.4 billion, the conservative governmental coalition aimed at cutting £112.6 billion (Ibid, p. 5). As well as regards the impact of the planned cuts on social benefit levels the two political camps differed quite clearly. While benefit reductions should have been rather minimal according to New Labour's plans, the conservative coalition aimed at savings which were set at £17.7 billion and which should be achieved in the context of housing and disability benefits (Ibid). Obviously this is a very good example for the relevance of the constructivist model of welfare changes and it is DOREY who already has a very good point in this issue:

> "[W]hile reducing the deficit could clearly be viewed as an economic imperative, the precise manner in which the reduction would be achieved – where the cuts would be imposed, how wide or deep they would and who would be the most affected – reflected ideological objectives and political perspectives" (Dorey 2015:58).

In other words, the Conservatives were consciously choosing to use the British economic downfall for pushing through their policies which can be subsumed under the terms 'less state interventions', 'more privatisation' – especially in the context of health and education policies – 'cuts in welfare services' and 'tighter eligibility criteria for benefit recipients'. As DOREY puts it, the new conservative coalition government "ideologically exploited the 2008 crash to reinvigorate its pursuit of neoliberalism, and thereby launch a renewed attack on the remaining remnants of post-1945 social democracy" (Dorey 2015:59).

So, if we once again come back to ANDERSEN'S constructivist model of welfare changes we are still left with the conclusion that there certainly exist economic problems 'out there', but that the challenges which policy makers formulate against the background of these problems and the policies that they formulate in their context should not be considered as being 'given' beyond recall (Goul Andersen, 2000, p. 10). Putting the focus on the question why certain interpretations become dominant and establish themselves GOUL ANDERSEN rather predicts that decision-makers will normally choose those "problem definitions" and "solutions" that best serve their political interests (Goul Andersen 2000a:7). It is therefore absolutely legitimate and necessary to conclude with DOREY that

> "the post-2010 dismantling of the welfare state cannot be fully understood solely in economic terms, even though this provides the obvious impetus. Instead welfare reform […] needs to be understood in a moral context, for many Conservatives have always believed that such social provision encourages dependency on the state, and undermines the work ethic" (Dorey 2015:63).

In contrast to this conservative attitude the policies of New Labour always appeared to include a commitment to offer a level of public provision that would come close to the levels of Europe's best pupils in class (Taylor-Gooby and Stoker 2011:6). But since the 2010 general election in Great Britain and the victory of the Conservatives the time of considering such European benchmarks in the context of reforming the social security system seems to be over and the aim to reach 'high levels' is almost exclusively formulated in the context of employment rates.

7.2.2 Welfare reforms since 2010

Concretely the following reforms have been introduced by the new conservative coalition-government:

7.2.2.1 Introduction of 'caps' for individual benefit entitlements and the overall expenditure

In 2009 Great Britain in the scope of the OMC policy coordination procedures was recommended to ensure "a sustainable fiscal position in the medium-term, including through fiscal consolidation measures geared towards enhancing the quality of the public finances." (Council of the European Union 2009). As already mentioned the conservative governmental coalition during the election campaign 2010 announced a cut of £112.6 billion in the overall context of public spending and benefit reductions which aimed at saving £17.7 billion (Taylor-Gooby and Stoker 2011:5).

Particularly since the year 2013 the Conservatives then actively pursued policies of minimizing the nominal increases of benefit levels and tax credits. In April 2013 it was for example decided that especially working-age benefits and credits should nominally seen not raise more than 1% until 2015 in order to save about £3 billion (Hood and Oakley 2014:25). In the years 2016/17 another £3 billion should be saved by finally 'freezing' most of these benefits completely (Ibid).

- One cap that has been introduced in 2013 concerned British households and their weekly amount of benefit entitlements and it was expected "to save between £200 million and £300 million each year" (Hood and Oakley 2014:26). According to HOOD and OAKLEY this measure affected primarily large families (Ibid).

- Another limit that has been introduced in 2013 related to the Housing Benefit and was promoted under the buzzword 'Bedroom-tax'. The overall levels of the benefit were set at a maximum of £ 250 per week if someone lived in a flat with only one-bedroom and a maximum of £420 per week for those benefit recipients who lived in a house with four bedrooms (Dorey 2015:64). If someone was using more bedrooms than obviously needed the benefit became reduced by 14 per cent for one extra bedroom and 25 per cent for two extra bedrooms. (Ibid) Overall this measure was introduced in or-

der to guarantee that living on benefits wasn't more profitable than receiving wages for insurable employment (Hood and Oakley 2014:33).

- The introduction of caps included as well the child benefit. Since January 2013 this benefit was cut for those households with anyone earning more than £50.000 and it was completely withdrawn for households with anyone earning more than £60.000 (De Agostini, Hills, and Sutherland 2015:5).

- As well the Working Tax Credit and the Child Tax Credit were part of the expenditure cuts under the conservative coalition government. Specifically the so called 'family' element of the Child Tax Credit became frozen and restricted to families with a low income (De Agostini et al. 2015:5). This meant that especially 'higher earners' were affected by the reform (Hood and Oakley 2014:32) and again confirms that Great Britain during the last years chose a policy path which leads further away from universal benefits and stresses means-testing as the central concept instead (Ibid, p. 13).

- But not only individual benefit entitlements have been cut by the conservative coalition government, as well on the national household level the major target was to reduce the overall expenditure. In 2014 for example, the government set a cap on the total amount of social security spending, which applies "to all social security spending with the exception of the state pension and automatic stabilisers such as jobseeker's allowance" (Hood and Oakley 2014:26).

Altogether the described attempts to reduce public expenditure, both on the individual and the national level, constitute a more or less 'new way' of policy-making in Great Britain as several authors agree on. The new aspect especially has to be seen in the fact that the overall spending or "the generosity of the system as a whole" (Hood and Oakley 2014:25) was more in the focus than cutting particular benefits (Ibid, p. 27). On the other hand, however, it shall not be forgotten that the conservative coalition government committed itself to *increase* the personal income tax allowance to £10.000 in nominal terms and according to DE AGOSTINI ET AL. this was achieved by 2014/2015 (De Agostini et al. 2015:5).
As we will see later that's an important point in the context of assessing the value and the consequences of the new government's reforms since the described cuts in tax credits and

benefits mostly were used to finance the lowering of direct taxes respectively the mentioned increases in tax allowances (De Agostini et al. 2015:13). The effect of "a substantial distributional change" (Ibid), which apparently was the result of these policies, will be further illustrated in chapter 7.2.3.

7.2.2.2 Tightening of eligibility and a stricter 'work capability assessment'

Among other things the tightening of eligibility concerned the access to the Child Benefit but as well the Working Tax Credit. The latter was for example introduced by New Labour in order to subsidise low incomes and the new government tightened eligibility by increasing the minimum amount of working hours necessary to receive this tax credit (Bader 2015:100).

But above all the conditions of receiving the Disability Living Allowance (DLA) were so significantly tightened that the experts saw about 20 per cent of the claimants in danger of loosing their entitlements (De Agostini et al. 2015:40). The conservative coalition government even started to replace the DLA by a so called Personal Independence Payment (PIP) and already since the year 2013 new claimants are covered by the PIP-scheme while the 'moving over' of existing claimants was supposed to be finished by the year 2017 (Hood and Oakley 2014:24). The major goals that can be identified behind the introduction of this new payment scheme are "a more objective health assessment" and the aim "to reduce spending by 20%" (Ibid). "Retrenchment" is another description in this regard that has been used by for example GAFFNEY (Gaffney 2015:6). Furthermore and beyond the tightening of eligibility, however, especially the recipients of disability or incapacity benefits have now to endure a rigorous "work capability assessment" and they risk to be sanctioned in case they don't accept any offered job or do not actively enough search for a new job by themselves (Dorey 2015:64).

7.2.2.3 Introduction of 'Universal Credit'

The introduction of the Universal Credit can probably be called the coalition-government's 'flagship' welfare reform as it seeks to replace six means-tested benefits and convert them into one. Concerned are the Jobseeker's Allowance, Housing Benefit, Working Tax Credit, Child Tax Credit, Employment and Support Allowance as well as Income Support (GOV.UK 2016). The arguments for introducing this new benefit are well-known in the discussions

about reforming the welfare state and range from the need to 'simplify the whole benefit system' or to reduce 'misuse of social transfers' (Bader 2015:100), to the argument of ensuring enough 'work incentives'[64] (Gaffney 2015:7). But if one has a more detailed look at the issue, as GAFFNEY has pointed out, it seems far from clear if there is really anything more behind the political support - that the Universal Credit indeed receives across party-lines - than the idea that "work should pay more than being on benefits" (Gaffney 2015:8). And 'if this is it', as he concludes, there is hardly "an argument for replacing a system in which non-marginal work already pays more than benefits" (Ibid). Other critical remarks have been given by for example CLEGG who refers to the increased 'work-related conditionality' that the introduction of the Universal Credit will entail:

> "In a novel move, conditionality under Universal Credit will also apply, in its strongest form, to members of working households should overall earnings fall below a threshold calculated with reference to full-time employment at the minimum wage per adult household member. […] it is open to doubt if the regulatory capacity of the modern state really stretches to dictating people's choice of jobs or hours of work" (Clegg 2015:497).

In a White Paper the coalition-government made clear that such a move towards more conditionality appeared to be necessary and based its arguments on the statistics which say that:

> "The UK has one of the highest rates of children growing up in homes where no one works and this pattern repeats itself through the generations. Less than 60 per cent of lone parents in the UK are in employment, compared to 70 per cent or more in France, Germany and the Netherlands […] Universal credit will start to change this. It will reintroduce the culture of work in households where it may have been absent for generations" (DWP 2010:3).

The Universal Credit is not yet fully rolled out, since it is introduced in several stages, with the final completion being dated to the year 2021. But there already exists a study from the Institute for Fiscal Studies (IFS) which has summarised the effects of the UC that can be observed so far. To put it in a nutshell, the study found that while 3.2 million of the eligible working and non-working households are confronted with lower benefit entitlements - their average loss amounts to about £ 1.800 a year - only 2.2 million benefit claimants will gain from the reforms with an average of £ 1.400 a year (Brown, Hood, and Joyce 2016:232).

64 One major assumption in this regard for example is that "[a] single payment with a standard withdrawal rate over different earnings levels is also intended to make the rewards of increasing work intensity more transparent than under the extant system of overlapping benefits and tax credits with differing rates of withdrawal" (Clegg, 2015, p. 496).

Especially lone parents, who were mentioned above as being in the focus of efforts, seem, together with two-earner couples, to loose from the new benefit (Ibid). Thus it remains to be seen if the Universal Credit, once fully introduced, will be characterised as offering help and real chances for unemployed people or if it will be characterised only as a further vehicle of benefit cuts.

Coming back to the country specific recommendations that have been issued to Great Britain in the scope of the OMC policy coordination procedures it is striking that they very concretely refer to the introduction of the Universal Credit and its consequences; particularly the feared consequence of increasing poverty among children. The recommendation of 2013 for example urged to "reduce child poverty by ensuring that the Universal Credit and other welfare reforms deliver a fair tax-benefit system with clearer work incentives and support services" (European Commission 2013c), while in 2014 it was acknowledged that "the Universal Credit could have a positive impact on employment" but that "much will depend on effective implementation and support services, including the interaction with other benefits" (European Commission 2014b). Interesting is as well, however, what has been formulated in the text which precedes the concrete country-specific recommendations. In 2012 for example it was pointed out that the introduction of the Universal Credit goes along with the risk that "the positive impact of new policies on employment and incomes will be more than offset by declining amounts available for benefits […]" (European Commission 2012b). Quite concretely the British government is confronted with the expectation that, according to independent estimates, "in 2020-21 absolute child poverty will reach its highest level since 2001-02, and that the government will miss targets for reducing child poverty set down in the Child Poverty Act" (Ibid). The same fears have been repeated in the text which precedes the 2013 and 2014 recommendations for Great Britain and it was again emphasised that the introduction of the Universal Credit could have, but not necessarily must have, an overall positive impact (European Commission, 2013; European Commission, 2014).

7.2.2.4 Changes to the operation of the unemployment benefit system, stricter sanction policies and introduction of the youth contract

Shortly after the conservative coalition government gained political power in Great Britain it reformed the unemployment benefit system and replaced New Labour's 'Flexible New Deal'

by a so called 'Work Programme'. The new Work Programme, introduced in June 2011, shared a lot of features of the Flexible New Deal (FND) and kept for example the latter's focus on employment support offered by private providers. But a specific new aspect was the so called "black box model of delivery" which means that the "state allows providers complete freedom over intervention design; personalized support; and payment by results" (Rees, Whitworth, and Carter 2014:224). Among other things this flexibility became necessary since the existing New Deals, which were designed for quite differing groups of unemployed persons, were abandoned in favour of one specific employment scheme under which all the unemployed are now subsumed (Ibid, p. 225). Nevertheless even the Work Programme differentiates between nine so called 'claimant groups' and provider's potential payments differ significantly depending on which 'type' of unemployed person they can place on the job market.

> "Payments across these claimant groups vary from a maximum of £3.810 for Jobseekers' Allowance (JSA) claimants aged 18-25, to £13.720 potentially for an individual within the Employment Support Allowance (ESA) group for recent Incapacity Benefit (IB) claimants" (Rees et al. 2014:226).

Quite principally, and especially when compared to the previous provisions of the Flexible New Deal, the new Work Programme makes the provider's payments more conditional on the factor of 'sustained job outcomes', with 'sustained' meaning that the provided employment relationship existed for at least six months (Ibid) Both, the FND and the Work Programme, divided the payment of providers into three stages: "the initial joining fee, a successful transition into work and a sustained job outcome" (Rees et al. 2014:227). But while the ratio paid for each of these stages was about 40:30:30 under the FND provisions it rather turned into 10:25:65 with the introduction of the new Work Programme (Ibid). Obviously the incentive to 'cream and park', which means to not put the focus on those who need help the most but to concentrate on those who apparently can be placed on the job market without too much efforts, has not been diminished. On the contrary, the efforts to counteract this incentive apparently need to be significantly strengthened (Rees et al. 2014:226).

Apart from that the introduction of the Work Programme further intensified the use of workfare measures. The unemployed can now be obliged to take up unpaid work in a private company for several weeks or even months (Bader 2015:98) and since the year 2012 even those unemployed who only have a decreased working ability can be assigned to certain workfare measures (Ibid). The conservative coalition government has as well prioritized the

instrument of sanctioning and under the new rules the benefits for unemployed persons can be withdrawn for up to three years in case the claimants have disregarded their obligations (Bader 2015:99). Concrete numbers in this context are given by GAFFNEY who points out that the number of sanctions rose "from 2.200 in the first quarter of 2012 to 15.900 in the first quarter 2014" (Gaffney 2015:8) and HOOD and OAKLEY indicate that in the year after the intensified use of sanctioning has been agreed on "the number of jobseeker's allowance (JSA) sanctions rose by 12% (93.000), at a time when the number of JSA claimants was actually falling" (Hood and Oakley 2014:27pp).

In order to address the persistently high rates of youth unemployment in Great Britain the government in April 2012 launched the so called Youth Contract which includes the following key measures:

> 1. "Payments of £1,500 are available to employers with less than 50 employees that take on young apprentices [16-24 year olds].
>
> 2. Work experience: Placements are available for 16-24 year olds, through Jobcentre Plus who have been claiming JSA [Jobseeker's Allowance] for at least 13 weeks.
>
> 3. Payments of £2,200 are made to providers who take on 16 and 17 year olds who are not in education, employment or training and who have low or no qualifications, and those from other disadvantaged backgrounds.
>
> 4. Wage incentives: Payments of up to £2,275 were available to employers who take on young people (aged 18-24) claiming Jobseeker's Allowance (JSA) for more than six months. Enrolments for this scheme ended on 6 August 2014" (House of Commons Library 2017).

The ending of enrolments for the wage incentives scheme already two years after the introduction of the Youth Contract was owed to the fact that it could only achieve poor outcomes. Designed for helping about 160.000 young unemployed to get a job within three years, there were only less than 4.700 placements after the first year (Wintour 2013). Due to this development the government decided to instead use the funding for supporting "jobless 18- and 19-year-olds from black and minority ethnic communities, who the DWP claims face greater barriers to work than other young people" (McCardle 2014).

The need to "improve the employability of young people, in particular those not in education, employment or training" (European Commission 2012b) is a common thread through all the country-specific recommendations which were issued to Great Britain between 2012 and 2016. The coalition-government was for example urged to remain committed to the Youth

Contract and to improve skills (European Commission 2014b) as well as to "address skills mismatches" and strengthen "the quality of apprenticeships" (European Commission 2016b).

7.2.2.5 Childcare

The development of childcare policies in Great Britain since 2010 has a very ambivalent character. On the one hand there was indeed the attempt of the conservative coalition government to pursue reforms in the context of delivering services for young children (Stewart and Obolenskaya 2016:41). In 2013 for example the 'Early Intervention Foundation' was established and in 2014 the Children and Families Act was reformed. Among other things this included for example "the introduction of free part-time (15 hours weekly) childcare for disadvantaged two year olds, with plans to provide places for 40% by 2015 (Department for Education and Department of Health, 2011)" (Churchill 2016:277), an investment in parenting programmes like the 'Family Nurse Partnership (FNP) programmes (Ibid) or a better "targeting of Sure Start services on more vulnerable families" (Stewart and Obolenskaya 2016:41). However, there remained a quite big difference between the rhetoric used by the coalition government and the actual effects of their chosen policy reforms. As CHURCHILL, but as well STEWART and OBOLENSKAYA point out, there was a series of reviews issued between the years 2010 and 2012, which called for a stronger focus on services and support for young families. Among them the review of Frank Field (2010) on poverty and life chances, Graham Allen (2011) on early intervention, Dame Clare Tickell (2011) on the early years foundation stage, Professor Cathy Nutbrown (2012) on the early years workforce and Professor Eileen Munro (2011) on child protection. Nevertheless, during the time when these reports were issued and paved the way for a political approach that focused on more and better services, the coalition government decided to "cut the [budgetary] deficit predominantly by reducing spending and not increasing taxes; and to protect spending on schools, health and pensions" (Stewart and Obolenskaya 2016:39). Therewith, and despite the above mentioned rhetoric, the burden for the deficit reduction was shifted to "social security benefits for households of working age, and also services provided by local authorities, among them […] the key services aimed at under-fives and their parents" (Ibid).

As a result the coalition-government first and foremost tried to put the focus on 'supporting those who are most in need'. The children's centres for example should support "the neediest families" (Churchill 2016:270), which was tried to be ensured by "more targeted provision",

more “evidence-based parenting programmes” and “decreases in more universal, open access activities” (Stewart and Obolenskaya 2016:48). In this regard DAVID CAMERON made clear that: “It can’t just be a service that everyone can jump into and get advantage out of. It really is there for those who are suffering the greatest” (The Telegraph, 2010). Beyond this focus on ‘those who are most in need’ the conservative coalition-government decided to fight child poverty in a different way than New Labour did. Above all, the Conservatives claimed that benefit recipients would have become trapped in a ‘culture of welfare dependency’ due to New Labour’s attempt of fighting poverty by offering benefit increases and tax credits (Churchill 2016:276). Consequently their own policy reforms focused on moving away from such a “narrow focus on income measures” and argued that “a greater focus on services” would offer much better opportunities (Stewart and Obolenskaya 2016:38). Altogether it thus seems as if there was a shift in the policy discourse from a “dual strategy” of securing household incomes and offering services under the New Labour government to “a focus on services alone” under the conservative coalition-government (Ibid).

Concerning the development of public spending since the year 2010, it has to be noted that, per child, the overall spending on “early education, childcare and Sure Start services fell by a quarter between 2009/2010 and 2012/13” (Edwards and Gillies 2016:246). As a share of GDP - and related to early education, Sure Start, the Childcare element of Working Tax Credit and childcare vouchers - “spending fell from 0,51% in 2009/10 to 0,42% in 2013/14” (Stewart and Obolenskaya 2016:43). Beyond that the “real spending on child-contingent cash transfers fell by 7% between 2009/10 and 2013/14” so that, overall, the level of spending in 2013/14 was quite close again to the level of the years 2005/06 (Ibid, p. 45). As regards the quality and affordability of childcare it has to be noted that between 2010 and 2015 almost all of the newly created early education places were offered in the private, voluntary and independent (PVI) sector, and that in “January 2015 only 45% of two-year-olds accessing a free early education place had a qualified graduate working with them at any point in the week” (Stewart and Obolenskaya 2016:46). The high quality of childcare which has been required in the country-specific recommendations (2013/2014/2015/2016) is thus an issue which is far from being settled in Great Britain. As regards the affordability of childcare the development was such that the price of a nursery place for children under the age of two rose “by 6% annually between 2010 and 2015” while at the same time the financial support offered by tax credits fell (Stewart and Obolenskaya 2016:47). It is against this background that Great

Britain, in the scope of European policy coordination procedures, has received country-specific recommendations which every year, from 2011 to 2016, have formulated the need to facilitate the access to childcare services and to reduce the costs of childcare and improve its quality and availability.

7.2.2.6 Any new insights?

Having now illustrated the policies which were introduced in Great Britain after my research period it remains to answer the question how this development can be assessed and compared to the years 1998-2008. During the time of the Lisbon Strategy the most urgent need for reform which the European recommendations derived for Great Britain was to ensure that active labour market policies and benefit systems prevent de-skilling and support the sustainable integration and progress in the labour market of inactive and unemployed people (Council of the European Union, 2001; 2002; 2003; 2004) (European Commission, 2006c; 2007a). Beyond that Great Britain was recommended to improve the provision of affordable care services for children, with a view to making it easier for men and women with parental responsibilities to take employment (Council of the European Union, 2001; 2002; 2003; 2004). Therewith the contemporary recommendations for Great Britain still appear to be targeted on similar issues as during the times of the Lisbon Strategy. The topic of human capital building has a quite central position as the claim to 'substantially improve skills levels' and 'to address skill shortages' can be found in almost every recommendation since the EU 2020 strategy was initiated. Nevertheless, while previously the focus was quite generally on inactive and unemployed people who should be integrated into the labour market, today the aim is specifically to prevent 'early school leaving' and to first and foremost take care of the young unemployed. As well the topic of reconciling work and family in its particular manifestation as availability and affordability of childcare remains high on the political agenda. The mere number of recommendations for Great Britain during the last years reveals how much the situation is perceived as a problem that should be solved.

New, compared to the research period are, however, the very concrete references that are made by the European policy recommendations to specific reform projects of the British government. Both, the Universal Credit as well as the Youth Contract are mentioned and there are very detailed citations of which kind of skills are needed in Great Britain. The 2012 recommendation for example refers to the fact that:

> „The UK has an oversupply of low-skilled workers, for whom demand is falling, and a shortage of workers with high-quality vocational and technical skills that are particularly needed […] The main focus in vocational education and training (VET) policy is on basic skills and level 2 qualifications, while the economy increasingly demands more advanced VET qualifications. […]" (European Commission 2012b).

New, compared to the research period, is as well that the issue of preventing poverty, specifically the issue of child poverty, forms a much more important part of the policy recommendations. As already mentioned in a chapter concerning the Swedish case, this can be attributed to the fact that on the European level the overall aim of fighting poverty with the EU 2020 strategy has been put much more into the political focus as it has become one of the five quantifiable key objectives. And this in turn, might be to be due to the fact that one of the Lisbon Strategy's main assumptions, namely that a job is the best protection against poverty and exclusion, is increasingly challenged by the trend that a job today cannot fulfil this expectation anymore. The proportion of the so called working poor has further increased during the last years, especially in Great Britain, and accordingly the issue of fighting poverty takes centre stage in the country-specific recommendations. Nevertheless, the interesting point in this regard is that the EU's recommendations only refer to *child* poverty, even if poverty as an overall issue which concerns among other things the already mentioned 'working poor' would have been worth to be addressed. Above all this leaves space to the discussion which has already been conducted elsewhere, namely to what extent the country-specific recommendations correlate with the national interests of a government. PAUL COPELAND and BERYL TER HAAR note that primarily the "formation of country-specific recommendations is a politically negotiated process both within the Commission, and between the Commission and the Member States" (Copeland and ter Haar 2013:31pp). DE LA PORTE confirms this view and points out that the recommendations "have to be based on well-founded analyses and could not be polemical of contrary to what the member states identified as key problems" (de la Porte 2011:497). In the case of Great Britain this would mean that the government might consciously have tried to not let the overall issue of poverty become a central issue in the policy recommendations since cuts in benefits and tax credits have been a major part of their reform agenda. On the contrary there have been so many recommendations to deal with the issue of improving the availability of affordable, high-quality, full-time childcare and as has been shown the coalition government was rather diminishing its efforts in this regard than increasing them. In this case it would thus be the question why the British

government did not ‘get rid’ of these recommendations or why this topic remained so central in the recommendations.

Already in the chapter regarding Swedish developments since 2010, the conclusion was drawn that the attempt to analyse if EU member states are able to deal with their ‘weaknesses’ has to be seen against the background that the corresponding policy recommendations are by no means ‘top-down’ recommendations in the sense of the EU making certain specifications. Rather they have always to be seen against the background of the interests and priorities of national governments. To a certain degree member states appear to be able of putting through their interests so that European policy recommendations do not fundamentally contradict their national priorities, but apparently there do exist as well ‘European ideas’ which member states can’t evade or withdraw from and which they are prepared to accept. On the other hand one can as well come to the conclusion that after a certain time of formulating the same things over and over again, the European policy recommendations sound somehow resignedly. This is particularly the case as regards the British childcare policies and after years of requesting better and faster policies there can be found something which is a statement that appears to be accompanied by a deep sigh: “Proposals to improve supply in childcare will require timely implementation as the availability and affordability of childcare remains a challenge” (European Commission 2016b).

7.2.3 The effects of the coalition-government’s policy changes

In the light of the need to reduce the budgetary deficit it certainly was no surprise that the conservative government announced cuts in the social security system and it was not a surprise either that these cuts would be quite significant. The question was rather ‘how’ the cuts would be dispersed and as HOOD and OAKLEY sum it up the government has “decided to (mostly) protect pensioners while reducing spending on working-age benefits and tax credits by an estimated £20 billion a year by 2015-16 (relative to an unreformed system)” (Hood and Oakley 2014:24). This is, however, only one aspect of the Conservative’s way of ‘sharing the burden’, because the reductions of working-age benefits and tax credits have not been equally distributed. DE AGOSTINI ET AL. found out that the policies introduced by the conservative coalition government had “the effect of making an income transfer to the richer half of households, partly financed by some of those in the poorest third (and some of the very richest)” (De Agostini et al. 2015:13). TAYLOR-GOOBY confirmed that particularly low

income families were affected by the tax and benefit changes, like for example reductions of the housing benefit, child tax credit etc. (Taylor-Gooby, 2011, p. 8). He estimated that by the year 2014/15 the loss for the poorest families, especially those with children, would amount to about 7 per cent of their income (Ibid). As well the research of DE AGOSTINI ET AL. claimed that "clear losers" could be found among lone parents and families which are large and/or have young children (De Agostini et al. 2015:30). Even the most recent reforms which concern policies in the year 2016/2017 seem to support this trend, for the emergency budget of 8 July 2015 was the basis for further changes in the tax credit system, which annually should lead to savings of about £8.4 billion (Clegg 2015:493). Concrete reforms comprised among other things "removing additional support for third and subsequent children; abolishing the family element of Child Tax Credit; and reducing the value of the income thresholds/ work allowances" (Ibid). As CLEGG indicated these cuts primarily affect "working households with children […]" (Ibid).

Nevertheless, it has to be mentioned that the financial losses *primarily* concerned the poorest households in Great Britain. Income groups "in the top half of the distribution" actually gained from the reforms of the Conservatives (De Agostini et al. 2015:13) and this has to do with the fact that the government not only cut benefits and tax credits but indeed *increased* the personal income tax allowance. As a result the "benefit reductions were greater for the bottom half than their gains from lower Income Tax" while for the top half the opposite was true (Ibid). Having now in mind what DE AGOSTINI ET AL. pointed out additionally, namely that the mentioned cuts in benefits and tax credits were first and foremost used to finance the lowering of Income Taxes and *not* to reduce the budgetary deficit (Ibid), then only one conclusion appears to be reasonable. The major effect of the coalition-government's policy changes was "a substantial distributional change" (De Agostini et al. 2015:13) and it was a distributional change that not necessarily resulted from budgetary problems subsequent to the international financial crisis but rather appeared to be a conscious decision.

Yet, the fact that some groups lost more than others as a result of the governmental policies since 2010 even became evident in another context than cuts in benefits and tax credits. The largest chunk of savings, and this was indeed the governments major contribution to reduce the budgetary deficit, came from cuts in public services. It was expected that between the years 2010 and 2015 local governments would reduce their spending by about 27 per cent and obviously this included tremendous consequences for the poorest as TAYLOR-GOOBY

concludes: “By 2014-15, the service cuts are estimated to be equivalent to an 18.5 per cent cut in the income of lone parents (90 per cent women) […]” (Taylor-Gooby and Stoker 2011:8).
The British policies in the aftermath of the international financial crisis have also contributed to further increasing demands on the flexibility of employees. BADER for example points out that many of the recently created employment relationships are based on so called ‘zero-hours contracts’ (Bader 2015:95). These contracts oblige the employees to always be on standby but they don’t oblige their employers to offer a minimum number of working hours. De facto this means that employees are only paid, when they are needed and they receive no pay at all in case the employer has no use for them. A report has revealed in 2014 that there exist about 1,4 million zero-hours contracts (Chandler 2014:3) and companies like for example Mc Donald’s employ about 90% of its workforce by this means (Theurer 2014). One of the latest statistics from March 2016 indicates that the number of workers on zero-hours contracts grew by more than 100.000 compared to the previous year (Chandler 2016). It is therefore a fact that

> “[t]he zero-hours contract, a type of employment relationship which carries no mutuality of obligation between employer and employee, has become an almost entrenched feature of the UK’s post-recession labour market landscape” (Philpott 2015).

What makes this development relevant for the purpose of this study is the fact that as well benefit claimants are affected since with the gradual introduction of the Universal Credit they will not be allowed anymore to refuse accepting such contracts. Rather, as a conservative minister of the coalition government announced, jobseekers might loose their benefits for at least three month in case they refuse taking up such a zero-hours contract (Mason 2014). Apart from that, the number of those jobs increases, which do not offer any training possibilities and the Jobcentre as well as private providers are hardly making qualification offers for the unemployed (Bader 2015:96).
So, while it actually was possible to conclude that during research period 1998 - 2008 the policies of New Labour tried to deal with one of Great Britain’s biggest shortcomings, namely the missing focus on human capital building and its consequent involvement in both labour market and social policies, this apparently no longer is the case since the conservative coalition government came to power. Altogether it appears - and this is indeed a really interesting point - that contemporary British policies, like the described introduction of more work incentives, more sanctions, more privatisation, less human capital building etc., are formulated rather against the background of what other authors call ‘the narrative about the

crisis of the welfare state' (Bader 2015:96) and do not constitute something that could be called a direct reaction towards the international financial crisis (Ibid). The changes that the conservative coalition government introduced and that certainly trigger a transformation process for the British welfare model "represent at least in part a free political choice" as GRIMSHAW and RUBERY call it (Grimshaw and Rubery 2012:41) and authors like DOREY even go one step further by claiming that "[m]any Conservatives [in Great Britain] seem to have viewed the post-2008 recession and concomitant austerity policies as the ideal, quite possibly a once-in-a-lifetime, opportunity finally to dismantle as much of the social democratic welfare state as practicable possible" (Dorey 2015:63).

7.2.4 The influence of OMC on national policy reforms

The question of how much influence European policy coordination processes actually have on national welfare reforms imposes itself here. If the conservative government since the year 2010 kind of fulfilled its long-held ambition of dismantling the British welfare state then this sounds as a very convinced disregarding of any European agenda or policy coordination like OMC. Already for the research period it was concluded that even if the EU promotes certain cognitive frameworks which "reside in the background of policy debates" and thereby limit "the range of alternatives policy makers are likely to perceive as useful" (Campbell 2002: 22), it needs some specific circumstances under which recommendations of the EU gain significance. So, what are the conclusions for the time since the year 2010?

It was already mentioned that especially the topic of child poverty had a much more prominent place both on the national and the European policy agenda when compared to the times of the Lisbon Strategy. Regarding the causality in this context especially SCHÖNHEINZ makes clear that while "child poverty had been a national concern for the UK for a long time, its establishment was hardly a reaction to the Social OMC but rather a natural progression from the national agenda" (Schönheinz 2014:197). A look into the literature regarding the policy effects of OMC in the context of British policies reveals that most of the conclusions claim that there are no noteworthy policy effects.

What seems to have happened though, is that "OMCs have significantly changed governance structures in the British political landscape" (Hopkin and van Wijnbergen 2011:271p). Yet, it should be noted that there appear to be differences between the OMC Employment and the OMC Social Inclusion. Especially the assessments regarding the OMC Employment are very

reserved not to say negative and often come to the conclusion that "[a]t UK central government level, the formation of interests has not been driven by the EES but by domestic employment policy" (MacPhail 2010:372) and that the EES should not be seen as an "external catalyst that drives convergence" (van Rie and Marx 2012:353). The assessments concerning the OMC Social Inclusion are more positive since the European coordination process is seen to have facilitated both the interactions *between* governmental departments and nongovernmental organisations (NGOs) and *among* the nongovernmental organisations as such (Weishaupt 2014:219); (MacPhail 2010:372). Especially the latter has contributed to more discussions "between national networks" (MacPhail 2010:373) and a higher "lobbying capacity" for the NGOs which even could be stretched to contexts that lay beyond the OMC context (Weishaupt 2014:219). Concerning the importance of policy ideas that are promoted in the scope of European coordination processes it is concluded that the OMC Social Inclusion in Great Britain was an instrument which kept "poverty issues salient, including for example, issues such as child poverty, debt as a reason for social exclusion, in-work poverty, and others" (Ibid). Overall seen, as DE LA PORTE notices, the "higher potential" of the OMC Social Inclusion compared to the OMC Employment might be traced back to the fact that Great Britain always had very high employment levels but "a workfarist approach to enhancing labour market participation, a high proportion of low-skilled workers and intergenerational transmission of poverty" (de la Porte and Pochet 2012:342).

Yet, altogether it has to be stated that the "empowering of civil society organizations" (Schönheinz 2014:181) and a better working relationship between societal actors and the central government (Hopkin and van Wijnbergen 2011:271/72) apparently were the most significant effects of the OMC in Great Britain. What seems to be paramount though, is the fact that in the national debates it was kind of customary to not fall back on any European influences while discussing and defending reform proposals (Ibid, p. 272). Especially due to the British Euroscepticism, as SCHÖNHEINZ claims, learning induced by a European policy coordination process, which is based on the idea of 'peer pressure' is not precisely popular and results in an "apparent disinterest in OMC processes (including low media attention) and the lack of reference to the OMC in policy documents" (Schönheinz 2014:198).
The question of why the OMC should still be studied almost automatically arises and certainly remains a legitimate question as the experience of the last decade showed that the use of OMC not necessarily leads to policy change (de la Porte and Jacobsson 2012b:34). The

connection between European policy coordination and national policy reforms remains a difficult terrain as national decision-makers apparently only 'use' the OMC "when it coincides with the national political agenda" (de la Porte and Pochet 2012:343). Even the European Commission itself came to the conclusion that "[w]hile the OMC can be used as a source of peer pressure and a forum for sharing good practice, evidence suggests that in fact most Member States have used OMCs as a reporting device rather than one of policy development" (SEC(2010) 114 final 2010).

So, in order to trace any kind of impact of the OMC there apparently must be given specific circumstances. Above all, "[a]ny influences on policymaking must be 'domesticated' (Zeitlin 2014:14), which means that policy ideas or any kind of 'knowledge', must be adjusted to the national context by being "transformed into initiatives and strategies" (de la Porte and Jacobsson 2012b:34). Apparently this simply means nothing more than "the OMC can only deliver if and when actors deem it an appropriate tool to advance their goals" (Weishaupt 2014:232). Admittedly, however, this is only one approach to somehow grasp the significance of the OMC and it is an approach which resembles the major assumptions of constructivism. As ZEITLIN ET AL. point out, however, particularly the differences in basic theoretical assumptions quite often lead to diverging results concerning the assessment if European policy coordination processes are working effectively or not. Sometimes, as the authors mention, even the same empirical evidence is used but the conclusions that are drawn are diametrically opposed (Zeitlin 2014:3). Generally spoken, the disagreement in analysis can be attributed to the quite differing assumptions that underlie rationalist, constructivist and historical-institutionalist approaches. While rationalist approaches "typically follow a hard-law model in assessing the actual and potential impact of OMC processes" (Ibid, p. 7), constructivist approaches rather emphasise "mechanisms, such as socialization, emulation, peer pressure, and discursive diffusion, in inducing domestic actors to internalize and transfer norms and ideas propagated by OMC processes" (Ibid, p. 7). In contrast to this stand the historical-institutionalist approaches which "emphasise less the possible mechanisms of influence than the weight of path dependency" (Ibid). Discussing the impact of European policy coordination procedures thus always depends on the conceptual basis that is chosen for the consideration and it might range from a focus on governance processes to discursive shifts. What has as well to be kept in mind is the fact that member states indeed participate in the process of defining the OMC targets and objectives. The boundary between the national

and the European level is thus always 'blurred' due to the "'uploading' of domestic concepts and preferences (Zeitlin 2014:8).

So, as regards the question to what extent national efforts of tackling problems and weaknesses could be increased by European policy coordination procedures, the answer remains quite sobering. While in the case of Sweden the OMC Social Inclusion during the last years apparently could contribute to the fact that the issue of poverty has been framed "as a challenge to be overcome" (Vanhercke 2010:129), there appears to be no such conclusion that can be drawn for the case of Great Britain. Above all, as DE LA PORTE concluded, and this holds specifically for the liberal countries, "governmental actors re-interpret OMC objectives in line with domestic priorities, rather than reflexively learning about weaknesses in domestic policy solutions […]" (de la Porte and Pochet 2012:342).
It could even be argued that since 2010 the new British government's policies of cutting public expenditure and replacing state provision to an extent that was even greater than during the Thatcher era (Bochel and Powell 2016:21), let new 'weaknesses' emerge, which set actors like the European Commission to alert and induced policy recommendations that sent a reminder about the importance of social provision and support services.

7.2.5 The British welfare model changes

Against the background of what has been said up to now, it can be concluded that the British welfare model indeed changes. Already from the facts that spending cuts on public services amounted to about 27 per cent between 2010 and 2015 (Taylor-Gooby and Stoker 2011:8) and that approximately 1.1 million jobs in the public service sector will be lost between 2010 and 2019 (Cribb, Disney, and Sibieta 2014:6) it can be concluded that especially welfare services will not be the same than before the time of the conservative coalition government. Quite principally it appears that "the previous vision of a market system for which government provided human capital and social infrastructure investment" has been given up and that the "United Kingdom abandons Europe and joins Team America" (Taylor-Gooby and Stoker 2011:11). BADER concludes as well that the recent reforms of the British social security system are leading to a more rudimentary welfare provision and an ever increasing liberal character of the welfare state (Bader 2015:100). Having to describe this change of the British welfare state in a more analytical way it can be argued with HOOD and OAKLEY that

the modifications become particularly visible at the institutional level and comprise first and foremost “a decline in the use of contribution-based benefits, and a shift towards universal or means-tested payments […]” (Hood and Oakley 2014:30). As well the introduction of the Universal Credit marks a new turning point. After twenty years of policies that aimed at supporting the working poor through a quite extensive in-work support by offering tax credits, these policies will be abandoned as the Universal Credit absorbs the tax credits “back into the mainstream social security system” (Clegg 2015:499). Some authors already warn cautiousness since it is questionable if the institutional characteristics of Great Britain’s political economy really can contribute to levels of high employment and low poverty without falling back on this policy instrument (Ibid).

To see changes of the British welfare model only from an institutional perspective appears to be only one part of the truth, though. It was already indicated that the policies of the conservative coalition government apparently aren’t just subject to the dictate of cost containment in the aftermath of the international financial crisis. Rather they have as well a strategic and tactical background which simply relates to the classical issue of ‘power politics’. It was BALE who already clarified that the Conservatives’ decision to favour a reduction of public provision shouldn’t be seen only against the background of reducing costs (Bale 2013:345pp). According to him a smaller state “gives the middle classes less of a stake in it, meaning they have fewer incentives both to resist further reductions in its size and to vote for parties that lead that resistance” (Ibid). As well TAYLOR-GOOBY stresses the fact that passing on the major cuts in benefits and welfare services to the poor and only the very rich, may lead the middle classes to accept austerity policies as they don’t pay the highest price and can hope to gain from these policies at some day in the future (Taylor-Gooby and Stoker 2011:11). But in order to make those in the middle to accept austerity the conservative coalition government not only has demanded less from them than from others, it has as well promoted a discourse that places even more emphasis than already known from British circumstances on the view of unemployment as being the result of individual deficiencies and unsatisfactory personal efforts (Deeming 2015:879). Obviously, as one of the latest surveys shows, the British public seems to follow this argumentation and considers “work aversion and the declining ‘work ethic’ […] as one of the main issues facing society” (Ibid). Furthermore, and despite the fact that effectively seen the value of unemployment benefits has rather been constant during the last decades, there seems to be a growing support of the belief that they are too generous and contribute to a so called “dependency culture” (Ibid).

Once again this development makes visible the importance and creative power of a political discourse and the ideas that political parties pursue in the context of trying to shape the political agenda. According to DEEMING the public attitudes in Britain are more or less congruent with the arguments promoted by the government and according to him this development can be attributed to the fact that "Third Way ideas have moved the 'traditional' left to the centre" while "welfare policies of the centre-left have become similar to the centre-right" (Deeming, 2015, p. 880). DEEMING then describes the almost inevitable consequence, namely that the contemporary welfare reforms of the conservative coalition government are introduced without any significant opposition from the public or the New Labour Party (Ibid). All this happens, mind you, despite the fact that a study on poverty and exclusion from the year 2014 comes to the conclusion that about 33 per cent of British households are living below defined minimum standards (PSE study 2014). By transferring the parameters to the past, for comparison, the PSE comes to the conclusion that only thirty years ago not more than 14 per cent lived below the defined minimum standards (Ibid). Having these numbers in mind it is particularly striking, that New Labour seems to have abandoned the idea of promoting the interests of those who are precariously employed or unemployed and rather follows the Conservatives' strategy to hunt for votes by taking care of the 'hardworking people' and improving their life situation (Deeming 2015:881). Apparently it is this kind of convergence among the two biggest parties in Great Britain that explains best why New Labour did not really resist against the conservative coalition government's plans to intensify the approach of workfare, to particularly put the burden of benefit cuts on the poorest and the most wealthy and to start what has already been called "a substantial distributional change" (Agostini et al., 2014, p. 13).

Yet, the fact that both parties put the focus of their political agenda on the 'hard-working citizens' cannot solely be seen in the context of the struggle for political power. This focus reflects as well, that the idea of considering work to be the best way of achieving inclusion and well-being is firmly anchored as a normative basic assumption in 21st-centuries policies (Deeming 2015:881). Indeed, the European recommendations on employment policy that served as the basis for my research and that were formulated since the initiation of the Lisbon Agenda in the year 2000, were all based on the basic principal of work being better than welfare and resulted in the attempt to increase work incentives as has particularly shown with the conducted case studies. Nevertheless, about 15 years later the British case apparently offers the chance to really catch a glimpse of what it means to strictly follow this idea that

European policy makers once have declared as being one of the essential foundations on which the European Social Model should be further developed. As TAYLOR-GOOBY very eloquently put it:

> "The coalition programme is more than an immediate response to a large current account deficit. It involves a restructuring of welfare benefits and public services that takes the country in a new direction, rolling back the state to a level of intervention below that in the United States – something which is unprecedented. Britain will abandon the goal of attaining a European level of public provision. The policies include substantial privatisation and a shift of responsibility from the state to individual" (Taylor-Gooby and Stoker 2011:14).

One of the most plausible explanations of why such substantial changes didn't lead to massive protests in Great Britain is trying to be answered by DOREY. According to him the reason why the recession, which followed the 2008 international financial crisis, or the worsening of employment conditions etc. has not resulted in social unrest, respectively any systematic challenge of the neoliberal concept in Britain, is the "divide-and-rule" tactic used by the conservative coalition government (Dorey 2015:66). He argues that while an unemployed person might be viewed as a so called 'scrounger' or undeserving welfare claimant by a low-paid worker, the same low-paid worker might share certain hostility with this unemployed person towards immigration or perhaps the membership in the European Union (Dorey 2015:67). To put it differently, "disagreement on some issues are moderated by agreement or (perceived) shared interests on others, thereby maintaining social cohesion and political stability overall" (Ibid).

To sum it up, the development towards an ideal-type European Social Model, which I hoped to 'catch a glimpse' of and which I expected to somehow 'materialize' as a result of reforms in both the liberal and the social democratic model, does not seem to exist (anymore). While there were signs of serious efforts during the time of the New Labour government to somehow use the social democratic model for orientation and to for example bear in mind the Scandinavian way of reconciling work and family as a real purpose, this strategy has apparently been given up. As GRIMSHAW and RUBERY stressed in this regard the conservative coalition government rather promotes the opinion that issues like childcare and women's employment should be considered as "an entirely private and family-based decision area" (Grimshaw and Rubery 2012:51). Altogether, the idea that there is no chance anymore to seriously implement 'Scandinavian style' policies, since it would have been necessary to lay down the tracks for such a convergence approach many years or even decades earlier, seems

to be quite popular. The effort of adapting Great Britain's liberal welfare model to policies that stem from the Scandinavian tradition is considered to be far too disproportionate. Even if Nordic policies and their underlying ideas are almost always considered to be charming, as BALE recognizes, it is pointed out that already the Attlee government during the forties and fifties of the last century only partially adopted the ideals that the social democratic welfare states usually comprise (Bale 2013:346pp). Accordingly the conclusion is drawn that the "the Swedish ship […] has long since sailed" and that the British government is "repairing the ship at sea rather than in some sort of Scandinavian dry dock" (Ibid). Quite surprisingly Swedish policies today are even used to *critically* discuss developments in Great Britain. Particularly the ever increasing privatisation of welfare services in Sweden is used to have a cautionary word. In a newspaper article for the Independent JON STONE (Stone 2015) for example argued in terms of a paper that was published by the Institute for Economic Affairs and that considered the introduction of competitive elements in the Swedish welfare state as having an "injurious" effect and in turn as causing a "backlash in Sweden against the notion of privatisation" (Svanborg-Sjövall 2014:190).

Overall it can be concluded that during the time of the Lisbon Strategy there have at least been certain approximations towards social democratic policy solutions or concepts in Great Britain, while the Conservatives in the aftermath of the international financial crisis quite obviously 'reoriented' the British welfare model towards the model of the United States. As has already been illustrated above, inequalities are rising due to significant distributional changes and universal entitlements are no longer an issue while means-testing becomes ever more intensive. It was GRIMSHAW who stated in this regard that "the traditional goals of a European Social Model […] have suffered a major setback in the UK since 2010" (Grimshaw 2015:606) and he concludes that this suggests "a medium- to long-term transformation of Britain's social model" (Ibid) as the conservative government doesn't seem to alter its course of policy reforms. So, in a certain sense the welfare carousel effect' can even be registered in the British case, although the impulses for turning 'weaknesses' and 'shortcomings' off are apparently not given anymore by European benchmarks but by the American welfare model. We are thus left with the conclusion that during the research period between 1998 and 2008 there was the attempt to make the liberal model a *better* liberal model, while thereafter the goal for British policies obviously has been to make the liberal model a *more* liberal model.

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Lambsheim, 10.11.2019 Eva Briedle

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§ 156 StGB: Falsche Versicherung an Eides Statt

Wer vor einer zur Abnahme einer Versicherung an Eides Statt zuständigen Behörde eine solche Versicherung falsch abgibt oder unter Berufung auf eine solche Versicherung falsch aussagt, wird mit Freiheitsstrafe bis zu drei Jahren oder mit Geldstrafe bestraft.

§ 161 StGB: Fahrlässiger Falscheid, fahrlässige falsche Versicherung an Eides Statt:

(1) Wenn eine der in den §§ 154 bis 156 bezeichneten Handlungen aus Fahrlässigkeit begangen worden ist, so tritt Freiheitsstrafe bis zu einem Jahr oder Geldstrafe ein.

(2) Straflosigkeit tritt ein, wenn der Täter die falsche Angabe rechtzeitig berichtigt. Die Vorschriften des § 158 Abs. 2 und 3 gelten entsprechend.