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**Old and new Divisions of Social Rights and Citizenship in Germany**

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More than 50 years ago T. H. Marshall (1950) outlined the evolution of citizenship as a historical sequence concerning the guarantee of civil, political and social rights. Using the liberal welfare state of Great Britain as a template, Marshall conceptualised social rights as the minimum standards of welfare needed to protect the working class, in particular, from the risks of ill-health, old age, unemployment and limited access to education. However, Marshall's conception of social rights ignored features central to other types of welfare states, particularly the ways in which social rights were generated.

Bismarckian welfare states provided individual social rights according to class and labour market status with financial benefits dependent on income-related contributions. Due to the male breadwinner model, non-working family members acquired rights to social insurance through the contributions of male family members. Consequently, only those with no connection to the labour market or a male breadwinner were eligible for basic means tested benefits which provided lower levels

of support than that enjoyed by those in a standard employment relationship.<sup>1</sup> Social rights created by Bismarckian welfare states gave rise to ‘social security citizenship’ (Ludwig-Mayerhofer 2005). Social security citizenship was characterised by individualised social rights, determined by employment performance, that were much more generous than in liberal welfare states such as Great Britain, but which reproduced both stratification and gendered employment structures. In the 1990s, the organisational differentiation for different status groups (such as between salaried employees and blue collar workers) was abolished, but financial benefits still reflected previous labour market performance and income. Therefore, any analysis of more recent reforms of labour market policy in Bismarckian welfare states should consider the ways in which policy reforms affect social security citizenship and, in particular, whether existing divisions of social rights are changing.

For T.H. Marshall, social citizenship was dependent on a right to decommodification that was rendered by the provision of transfers that allowed to maintain a livelihood without reliance on the market, whereas the enablement of labour market participation, respectively a to commodification was not considered. This understanding continued to dominate the work of welfare state theorists for the next forty years. However at beginning of the 1990s, in reaction to the influential welfare state theorist Esping-Andersen (1990), feminist researchers began to argue that also the right to commodification must be regarded as a central aspect of social citizenship (Orloff 1993) without which gender equality will not be achieved. At the same time, the financial pressures facing many welfare states made decommodification a less attractive policy option, and one which also attracted criticism on the basis that it created welfare dependency and social exclusion. Since the mid-1990s, ‘activation’ has become a major goal of social policy with policy reforms articulating both the right to (employment) services in order to create employability for all citizens and the general duty to participate in the labour market (Andersen 2005; Handler 2003; Andersen et al., 2002). Using Marshall’s approach and its ‘shortcomings’ as a starting point, this chapter explores the question of how the introduction of labour market activation policy reforms have transformed existing divisions of social rights and citizenship in a Bismarckian welfare state, considering both the right to commodification and decommodification for different groups.

In order to answer this question, the development of social rights with respect to this new paradigm of labour market activation is explained in more detail and a brief introduction to the political and economic background and public discourse relating to the most recent labour market reforms in Germany is provided. The remainder of the chapter focuses on four aspects of recent reforms; namely, the increasing flexibility of employment, benefit reform and the increase of workfare, employment promotion policies and, finally, the effect of family policy reforms on the employability of mothers.

### **Social rights and labour market activation policy**

A general discourse on citizenship and social rights sees the transformation from the industrial to a service society as the major motor of change in our understanding of citizenship. In industrial societies, the citizen was constructed as a male, employed citizen who was provided with social rights that – among others - allowed to maintain a reasonable standard of living for himself and his dependants during periods when he was out of work. During the transformation to a post-industrial service society, the more passive cultural construction of citizenship changed towards an active one. Active citizens are expected to be able to secure their own future and adapt to changing external conditions. Based on the model (*Leitbild*) of an individual adult worker, social security is primarily provided through labour market participation (Jensen & Pfau-Effinger 2005). These ideas were picked up by international and national political actors keen to reform labour market and family policy and were translated into specific policies and programs by national governments.

Around 1990, the OECD advanced the notion of an ‘active society’ - one in which all citizens are able to access employment – as a future social policy scenario. The ‘New Framework for Labour Market Policies’ focuses on improving the employability of disadvantaged groups and places particular emphasis on supporting women seeking to enter the labour market. Recommended policy measures include training policies to improve human resources as well as a combination of various types of income support to minimise work disincentives. In this context, activation is regarded as a positive outcome based on the idea of fostering ‘economic opportunity and activity for everyone in order to combat poverty, dependency and social exclusion (OECD 1989; OECD 1990, p. 8). From a similar standpoint, the European Union (EU) has also

advocated policy reforms designed to 'activate' employment policy, and since the Luxembourg meeting of 1997, 'employability' has been adopted as a major policy objective (Aust 2000; Keller 1999; Lefresne 1999).

Influenced by the new policy discourse which started in the early 1990s, domestic reforms within EU member states produced observable changes; namely a shift from the passive provision of transfer payments to labour market activation programs (Hvinden 2003). However labour market activation programs were not without its critics who disliked the pressure, or even the compulsion, placed on the unemployed, particularly welfare recipients, to (re)enter the labour market through low income jobs (Grover & Stewart 1999; Lødemel & Trickey 2000). This process was interpreted as a move away from unconditional rights combined with almost no obligations to an increasing conditionality of social rights linked to obligations (Torfing 1999, p. 374).

More recent comparative studies show that the introduction of labour market activation policies is indeed related to a change in social rights, but the reforms must be analysed in detail and cannot be seen as an unambiguous retreat from unconditional rights. The demand for 'self-responsibility' is often used as a template to redirect social protection to the individual, through the market, and to retrench benefit programs. But at least in theory, welfare states are supposed to guarantee 'equality of opportunity' and therefore have the responsibility to ensure that *all* citizens are able to participate in the labour market (Gilbert 2002; Gilbert & Gilbert 1989) and expanding labour market participation requires an expansion of social services, such as education and training, as well as services which assist families and free women and mothers from care responsibilities. Therefore, while activation policies may lead to a cut in benefits, an introduction of workfare and a decrease in the right to decommodification, they may equally expand labour markets and social services in order to increase the right and duty to commodification. The effect on social citizenship depends very much on the particular mix of policy instruments used which in turn depends on particular national institutional settings and reform trajectories (Dingeldey 2006; Dingeldey 2007).

In Bismarckian welfare states such as Germany, there is a large gap between policy reform objectives and traditional social protection mechanisms. The individualisation

of social rights to decommodification within the social security system creates significant obstacles to benefit cuts, at least with respect to insurance based benefits (Clegg 2007; Martin & Palier 2008). Social policy institutions are still based on the male breadwinner model and this hinders the increase in female labour market participation for (married) women and mothers. Hence one might expect that labour market activation policies will lead to the deepening of old divisions and the creation of new divisions of social rights.

In order to prove this thesis, I analyse the impact of different elements of labour market policy on different labour market groups. An equalisation of social rights is supposed to be achieved if the traditional status orientation within social policy is weakened and different groups are treated more equally with respect to rights of commodification and decommodification. On the other hand, if high standards of employment and social protection are maintained, and new policy instruments designed to increase employability are only applied to those considered to be part of the 'core workforce' while groups with weak labour market attachment face a reduction of transfers and an increase in work obligations which are met through precarious employment, a dualisation of social rights and citizenship will be stated.

### **Labour market activation reforms in Germany**

In contrast to other European countries such as the Netherlands, Denmark, Sweden or the UK, the newly reunified Germany was not able to solve its severe labour market problems during the 1990s and it was not until 1998 when the red-green coalition government came into power that 'employability' was introduced as an objective of labour market policy.<sup>2</sup> Lacking a clear cut labour market strategy, the red-green government produced only piecemeal reforms and policy failures during its first period in office. For example, between 1998 and 2002, the government introduced 35 pieces of labour market legislation, but these contained only isolated reforms that limited the use of precarious forms of employment or adapted instruments to the European employment guidelines in order to enhance employability. Similarly, the establishment of the 'Alliance for Jobs, Vocational Training and Competitiveness', a regular meeting between representatives of the most important industrial unions and employers' organisations and government, was a failure. Instead of trying to compel trade unions and employer associations to find common ground by imposing positive

or negative sanctions, the federal government made bilateral concessions to each group (Eichhorst 2002). Thus, a good opportunity for negotiated structural reform was lost when the Alliance finally fell apart at the beginning of 2002.

In addition, weak economic performance meant that unemployment rates continued to rise to historical highs and the expenditure of the Federal Employment Institute (FES) increased dramatically.<sup>3</sup> At the beginning of 2002, when a Federal Audit Office report revealed that the FES had exaggerated its job placement data, the government established the commission on Modern Labour Market Services (known as the Hartz Commission after its Chairman), in an attempt to overcome reform deadlock.<sup>4</sup> The job of the commission was not to develop a comprehensive employment creation strategy, but rather to initiate reform of labour market administration and services. The government accepted the Commission's proposed reforms and, with some revisions, their recommendations were enacted through pieces of legislation, known collectively as the Hartz Reforms (Hartz 2002).

The Hartz Commission was very much influenced by the idea of transitional labour markets (Schmid 2002; Schmid & Grazier 2002). Furthermore, research institutes linked to trade unions were sympathetic to the concept of 'flexicurity', an idea promoted by the EU (Keller & Seifert 2000; Klammer 2004).<sup>5</sup> Hence, on the background of a rather strict regulation of employment and labour market relations in Germany, the Hartz Reforms instituted a particular interpretation of 'activation' through the introduction of flexible forms of employment.

Public discourse was dominated by the slogan 'demanding and promoting' which was coined by the then Social Democratic Chancellor, Gerhard Schröder. Consistent with the notion of 'activation', Schröder demanded a more restrictive policy towards the unemployed which indicated a shift in social rights. While measures to promote labour market participation were restricted to increases in labour market flexibility, the 'demanding' aspects of the new policy approach were further spelled out by Schröder in 2003 in 'Agenda 2010'. Reducing benefit levels below that proposed by the Hartz Commission as well as tightening eligibility criteria, the government announced the final introduction of basic income support for jobseekers, popularly known as 'Hartz IV'. Agenda 2010 was a product of the so-called modernisers within

the Social Democratic Party and was not well received by the trade union movement or the traditional wing of Social Democratic Party. Public protests over several weeks throughout East Germany, where there were high levels of long-term unemployment, followed the announcement of Agenda 2010 reforms.

However the general reform trajectory was supported by the Christian Democratic Party which managed to negotiate several changes during the federal policy making process, none of which radically altered the direction of the reforms. Thus, the entire Hartz legislation can be seen as a consensus of political elites. The public expressed their dislike of the reforms by punishing the Social Democrats at the next election in 2005. During the subsequent coalition government of Social Democrats and Christian Democrats, only minor reforms in the area of labour market policy were enacted which consolidated aspects of the reform trajectory. The exception was in relation to family policy reforms enacted after the disastrous Programme for International Student Assessment (PISA) Evaluation by the OECD which highlighted bad educational performance and because of the impending demographic crisis due to Germany's low birth rate. The subsequent increase in child care facilities and increases in the parental leave allowance did produce some improvements in the employability of mothers (parents). The following analysis therefore concentrates on the Hartz reforms and some re-regulation of the labour market since 2005, as well as the most recent family policy reforms through discussion of new forms of flexible employment, the introduction of basic income support for jobseekers, various employment promotion measures and family policy reforms.

### **Flexible employment**

In the past, the German social security system assumed a standardised full-time, indefinite employment relationship (*Normalarbeitsverhältnis*) which assured access to relatively high benefit entitlements and social security citizenship. Hence the standard employment relationship is defined by strong legal regulation of individual and collective employment rights (Pierenkemper 2009). While high benefit levels are often criticised as being responsible for high labour costs, successive German governments have addressed this problem by introducing new and flexible forms of employment, rather than deregulating the standard employment relationship (Eichhorst & Marx 2009, p. 24). Not surprisingly, trade unions have been critical of

moves towards more flexible employment and progress in this direction was slowed by social democratic governments which, for example, introduced more restrictive regulation of marginal part-time employment in 1998. However when the red-green government was re-elected in 2002, it rescinded this legislation. According to the Hartz reforms, employability was to be supported by 'new' forms of employment which were introduced during 2003 with Hartz I and II. For example:

- the introduction of the so-called '*Mini and Midi Jobs*' reversed earlier limits on marginal part-time employment such that earnings up to €400 per month were subject to a reduced liability to income tax and social security contributions (with full liability starting at €800 per month).
- Support for small entrepreneurs to create their own business (*Ich-AG*) was initially set at a monthly allowance of €600 in the first year, decreasing to €240 in the third year (with an overall maximum payment of €14,400) but was reduced in 2006 to a start-up grant (*Gründungszuschuss*) paid during the first nine months, followed by payment of unemployment benefits plus a monthly allowance of €300 to cover social security fees for a further six months.
- *Personnel Service Agencies* (PSAs) were set up as a new instrument to strengthen the use of temporary employment as a job placement instrument.
- *Fixed term employment* was further deregulated by abolishing the need to give reasons for such contracts for workers aged more than 52 years (58 years in 2001). However this regulation had to be withdrawn in 2005 when the European Court declared it to be discriminatory on the basis of age (Aust & Kremer 2007).

Flexible forms of employment provide employers with greater flexibility with respect to both the number of employees and their working hours than is possible under the standard employment relationship. In addition, it is argued that the employability of workers is increased through the cost advantages they bring to the employment relationship. Wage costs are reduced when social security contributions are subsidised or reduced and employment regulations, such as dismissal protection or the right to holiday pay, do not apply (in the case of self-employment or fixed-term employment) or are not enforced (as is the case with mini-jobs). The idea of a

transitional labour market is that workers do not stay in such flexible forms of work, rather they use these jobs as a springboard into standard employment relationships.

The impacts of these reforms indicate that they are very successful, at least in quantitative terms. For example, in 2009, more than 6.8 million people had a mini-job (die Minijobzentrale 2009). While 2.2 million people used it as a second job, for nearly five million people, the mini-job was their only form of employment (Bundesagentur für Arbeit 2009b. p. 8). However, only nine per cent of the five million people who had no other employment relationship were able to make a successful transition into regular employment. Thus, the intended function of these jobs as a 'bridge' to regular employment was hardly fulfilled (Leschke et al. 2006). Because the incidence of low pay is common amongst mini-jobs, they have attracted further criticism as creating a low-wage labour market (Kalina 2006; Kalina 2008).<sup>6</sup> As married women are traditionally the largest group holding these jobs, the reform has channeled a major proportion of the growing female workforce towards precarious employment (Bäcker 2007).<sup>7</sup>

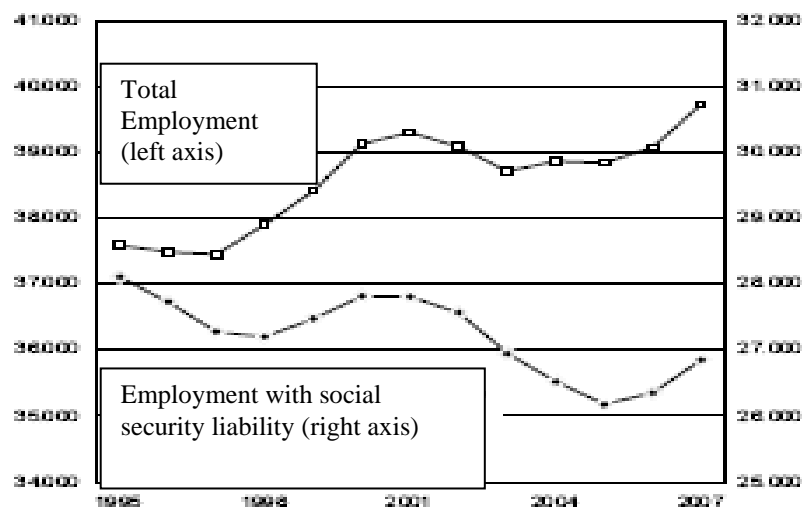
Between 2003 and 2007 the share of self-employment as a proportion of total employment grew by more than one per cent, but in many cases the promotion of small entrepreneurs led to an increase in financial precariousness. In 2003, 17.3 per cent of self-employed (*Ich-AGs*) did not have earnings above the minimum income level. This is only partly explained by the fact that, over all, women were using self-employment to work part-time hours. Furthermore, 20 per cent of all small entrepreneurs failed so that half of the self-employed fell back into unemployment (Leschke et al. 2006, p. 9).

Similarly, PSAs did not meet expectations. By the end of 2007 PSAs offered, on average, only 3.6 thousand jobs a year. Evaluation studies suggest that only about 30 per cent of participants entered regular employment (Bundesregierung 2006, p. 13). Fixed term contracts grew and by 2007 made up more than 14.5 per cent of total employment.

Since the mid-1990s, there has been a rapid increase in the number of people working in a form of employment that does not provide social security liability, an indicator

not only of employment outside the standard employment relationship, but also of precarious working conditions. Figure 1 shows the ever growing proportion of working people in Germany (about one-third in 2007) not subject to social security liability.<sup>8</sup>

**Figure 1: Development of Total Employment and with social security liability, 1995-2007 (in thousand)**



Source: Statistical federal Agency, Statistics of the BA, cited after (Bundesagentur für Arbeit 2008:28)

New entrants to the labour market, among them women with children, young workers, those with little or no qualifications and the long-term unemployed, are most frequently found in these more flexible, insecure forms of employment. As noted earlier, most do not move into standard forms of employment, holding onto precarious forms of employment for long periods or even permanently. Thus, the improvement of employability for these groups of people is only achieved through the acceptance of low wage income and the denial of individualised membership in social security systems and the achievement of entitlements and benefits above minimum levels of income support. Social security reforms, particularly employment promotion policies, reproduce and reinforce this dualisation in the labour market.

### **Reforming unemployment benefits and increasing workfare**

Until 2005 Germany had a three-tier system of social protection for the unemployed. The *unemployment benefit* (UB I) was designed as a contribution based,<sup>9</sup> income related benefit (UB I, regulated within the Third Book of Social Security Act, SGB III). During the 1990s, all unemployed persons who fulfilled insurance requirements were entitled to a higher unemployment benefit of 60 per cent of their former wage for up to 12 months (or 67 per cent if the worker had at least one child, and if the worker was aged 55 years or older the benefit was paid for 32 months). This benefit has remained untouched during the last decade subject only to minor changes to the benefit for the older unemployed (where it was again augmented to 24 months for all unemployed aged 58 years or over with sufficient employment records in 2008). Occupational protection was abolished in 1997 and availability criteria were strengthened but no formal workfare was introduced.

*Unemployment assistance* (UA) was means tested and tax financed but still paid a wage related benefit of 53 per cent of former wage (for single workers) and 58 per cent for those with at least one child. This benefit was not time limited and was provided to all those who had expired UB I or had worked but failed to reach the required employment record.

Finally, *social assistance* (SA) was provided to all those with insufficient insurance records or no labour market history as a means tested, tax financed, flat rate benefit.

Hartz IV combined UA and SA into a single benefit for all those ‘capable of work’ (*Unemployment Benefit II*) and provided basic income support for needy job seekers (UB II, regulated within the Second Book of the Social Security Act, SGB II). The new flat rate benefit pays €345 per month for single adults (since 2006). In addition, supplements for children and other adult dependents living in the same household and housing costs are provided. As UA was income related it provided benefits above minimum income levels for all those earning above average wages before becoming unemployed. However after the Hartz reforms, all former UA recipients, particularly singles and couples without children, received less under UB II than they had under UA (Becker & Hauser 2006; Goebel & Richter 2007).

Furthermore, the workfare element, which previously only applied to SA recipients, was transferred to all those in receipt of UB II. UB II recipients have to accept any work they are physically and mentally capable of performing, even if it pays less than set out in the relevant collective bargaining agreement. UB II recipients are subject to workfare because, in principle, they may be required to work in public sector jobs, not under a proper employment contract, but under a contract that pays only a supplement to their unemployment benefit (so called Euro-jobs). Refusal to accept such employment may result in benefit reductions unless the individual has the care of a child under three or a relative, for example (All exemptions are set out in the relevant legislation). In total, the reform produced major changes which are characterised as a transitional development from 'Bismarck to Beveridge' (Eichhorst et al. 2008a, p. 25), including a selective movement away from the male breadwinner model.

Another reduction in social rights for this group was the workfare requirements which had previously only applied to SA recipients but now apply to all UB II recipients. Several groups formerly in receipt of SA were not registered as unemployed. The introduction of UB II saw new groups of benefit recipients being regarded as part of the workforce for the first time with a subsequent rise in the unemployment statistics. For example, lone mothers were amongst those who had not previously been counted as part of the workforce, as were the (female) partners of the (long-term) unemployed whose youngest child is older than 3 years and for whom a child care place is available. Hence, the male breadwinner model and the idea that mothers should be freed from the duty to work in order to care for their children was removed, at least for those in receipt of means tested benefits (Betzelt 2007). The significance of these changes is seen in the fact that minimum income support (UB II) became the norm for the unemployed (UB I was received by only 17 per cent of all registered unemployed in 2007) (Bundesagentur für Arbeit 2008) and the established principle of maintenance of status within Bismarckian welfare states no longer applied to the long-term unemployed, even those with long insurance records.

The emerging two tier system of unemployment benefits consolidates the dualisation of social protection. Privileged and individualised social security citizenship based on the principle of maintenance of status was granted only to those still regarded as part of the core workforce; namely, the still big, but shrinking, segment of employees enjoying a standard employment relationship characterised by employment with

social security liability, long and continuous employment records and a good chance of being re-employed in case of job losses. Amongst the unemployed, this group is a minority, as the majority of jobless people are directed to basic income support and workfare and receive a form of social protection that reflects minimal social rights.

### **Employment promotion policies**

Although the reform of job placement services had begun prior to the Hartz Commission, the process was greatly intensified under Hartz I and II with Hartz III (which came into force on 1 January 2004) providing the major and so far final impulse to change the Federal Employment Office (BA) into a modern provider of labour market services. Under Hartz IV local job centres were to become ‘one stop shops’ responsible for all labour market services to the unemployed. The creation of ‘one stop shops’ was supposed to end the division of responsibility between the public employment agencies (PES) which are responsible for the administration of unemployment benefits (UB I and UA), and employment promotion measures and municipalities which are responsible for payment of social assistance. However due to the complicated federal decision making process, this goal was not achieved. Consequently, 178 local PES agencies are responsible for UB I recipients and 356 newly created joint bodies, or consortia, of BA and municipalities (ARGE) as well as 69 municipalities which decided to ‘opt out’ are responsible for UB II recipients (Eichhorst et al. 2008b; Knuth 2006). This arrangement will have to be revisited again in 2010 according to a judgment of the Federal Constitutional Court.

At a more general level it is questionable whether the reforms have achieved service improvement goals in relation to employment promotion policies. For example, in 2005 each PES case manager was responsible for 546 clients (Bundesregierung 2006, pp. 54 & 1124f). The effectiveness of new instruments such as the introduction of training vouchers which were supposed to improve individual choice and promote self-responsibility, has been reduced by tight eligibility criteria, the relatively short period for which the benefit is paid and the level of entitlement paid to participants in training schemes (Kühnlein & Klein 2003). Consequently, the number of participants engaged in further vocational training has fallen from 553,000 in 1995 to 151,000 in 2008 (Bundesagentur für Arbeit 2009a). Beyond these general cuts, there is also clear discrimination against UB II recipients in relation to employment promotion

measures, as UB II recipients make up less than 20 per cent of all those participating in employment promotion programs, including vocational training measures. The only exception is publicly funded job creation schemes where UB II recipients make up around 40 per cent of participants (Bundesagentur für Arbeit 2006). However this measure will be abolished in 2009. Hence the most important form of employment promotion exclusively directed to UB II recipients is the so-called '1-Euro-Job', which is often used as a work test, does not create a proper employment contract and only pays a small supplement on top of the benefit (Wolff & Hohmeyer 2006).

Clearly the original goal of equal access of UB II recipients to all employment promotion measures has not been achieved. Women are also under-represented in employment promotion measures (Betzelt 2007). Hence the dualisation of labour market and benefit structures may be seen to be reproduced, even in employment promotion policies. For this reason, labour market experts characterise the outcomes of German reforms as a break with both the advanced goals of labour market activation policy and traditional policy objectives to improve access for disadvantaged jobseekers (Oschmiansky et al 2007, p. 294).

### **Family policy reforms**

The most recent family policy reforms promoted by the Christian Democrat minister responsible for family policy may be seen as a big step forward, signaling at least a partial break with the male breadwinner model. However, more detailed examination of increases in the employability of mothers produces more ambivalent results, particularly in regard to the division of social rights according to employment status.

As a result of intense discussions during unification negotiations about the different approaches to family policy in East and West Germany, the introduction of a formal right to child care places for all children aged three to six and a half years (when they enter school) was introduced in 1996. Therefore, the respective child care quota (places per 100 children) for pre-school children is relatively high; in 2006 it stood at 86 places per 100 children in the West and 92 places per 100 children in the East. It was estimated that the introduction of UB II would save about €1.5 million per year and the Federal Government wanted that money to be redirected to children's day facilities. In West Germany, where the number of places for the under three year olds

was limited, the provision of places was expected to double to 120,000 in 2006 and continue to rise until 2010 to meet the estimated demand of 230,000 new places. So far these targets have been met, with the childcare quota for children under three years reaching eight per cent. Due to the legacy of the former socialist system in East Germany, the existing childcare quota in East Germany was significantly higher and slight increases have brought the quota to around 40 per cent. Across the whole country recent legislation introduced the right to child care for children under three years and aims to reach a childcare quota of 30 per cent by 2013. However the financial crisis experienced by municipalities and the slow rate of progress in West Germany casts doubt on whether this target will be reached.

The reform initiatives did not question the German tradition of half-day care and schooling and due to financial constraints, many municipalities met legislative requirements to increase the supply of places by reducing the provided hours of care per place. Hence the total increase in child care places was off-set by a decrease in full-time places. For example, in 2006, only one-third of all places provided for children under three were full-time and only one-sixth of all places provided for pre-school children were full-time (DJI & Universität Dortmund 2008). With respect to employability, this development seems to be problematic, as a guarantee of four hours of child care per week is nowhere near enough to enable take up of the part-time employment requirement of 20 hours per week plus commuting times.

It was hoped that the new parental leave allowance introduced in 2007 would lead to an increase in the historically low birth rates in Germany. This parental leave allowance signals a breakthrough in German family policy as it re-introduces the promotion of fertility into the policy portfolio and follows the model of an individual adult worker. In order to support the continuity of mothers' employment, the parental leave allowance pays a tax financed, wage related benefit (67 per cent of former wage) for 12 months, plus an additional two months for the other parent during the parental leave period. Those who had not been working or who were in low wage, part-time employment prior to giving birth, receive €300 per month as a minimum flat rate benefit. Compared to the previous means tested parental leave allowance which paid a maximum of €460 per month for one year or €307 per month for a maximum of two years for those with low household income, most women, respectively parents in

precarious employment with low household income ended up worse off under the new regime. Winners of the reform were women who are employed in jobs with relatively high salaries, as well as fathers in the same position, the majority of the latter taking parental leave for two months (Henninger et al. 2008).

In the German context, the modern family policy approach based on the idea of a two income family creates further segmentation in labour market structures. In conjunction with existing tax regulations that favour non-employment or part-time employment of married women (Dingeldey 2001), the implementation of child care policies as part-time guarantees, consolidates a gendered polarisation of working-time arrangements. Overall, mothers with low wage expectations are directed toward marginal part-time employment, as well as being 'punished' by a reduction in the parental leave allowance. On the other hand, (highly qualified) mothers (parents) who are supported by grandparents or who can afford supplementary child care arrangements are able to work longer hours in jobs with social security liability and enjoy the achievements of social security citizenship which now includes a wage related parental leave allowance.

## **Conclusion**

The foregoing analysis confirms that Bismarckian welfare state institutions that still grant income related insurance benefits as individual social rights do indeed seem reluctant to reform. However, this does not imply that reforms are impossible, merely that they are concentrated on the periphery of the workforce. Hence the privileged granting of social rights which arise out of social security citizenship are widely maintained for those considered to be part of the core workforce. Yet this group is shrinking (in relation to the total workforce) as the regulation of social policy produces an ever more exclusive definition of access and the labour market provides less of what was the basis for social security citizenship; namely, a standard employment relationship. All those 'dropping out' or 'never getting in' are entitled to a minimum form of social rights, thereby creating a 'second class social citizenship'. Due to the particular interpretation of labour market activation policy reforms in Germany, this includes not only 'second class rights' to decommodification (benefit entitlements and workfare) but also 'second class rights' to commodification as jobseekers marginally attached to the labour market are directed to more precarious

forms of employment. The intertwining effects of basic income support, unequal access to employment promotion measures, and the move towards more flexible forms of employment, with the associated risk of falling back into unemployment again, makes advancement of status ever more difficult.

With the respective differentiation of social rights and citizenship, old social divisions are confirmed and new ones created. The standard employment relationship is still held mainly by male industrial workers, but women with high qualifications may also acquire the status of social security citizenship. The long-term unemployed may be regarded as the newly excluded. For the ever growing group of people with discontinuous employment records or a time limited employability, for example, due to family responsibilities, traditional lines of exclusion are confirmed and expanded. Hence, more than ever, married women, particularly mothers, are directed to marginal part-time employment or self-employment with low wages and without individual rights in the social security system, with the result that their social protection still depends on the status of the male breadwinner. Thus, the particular way of introducing labour market activation policy in Germany has sharpened the dualisation of social rights and citizenship and introduced marginal shifts in divisions between different groups, creating a high risk of precariousness and poverty on household level if the male breadwinner himself is no more a member of the 'core workforce' or is not available at all – like in single mother households.

## Notes

1. A standard employment relationship (*Normalarbeitsverhältnis*) is characterised as full-time, permanent, fully liable to social security, protected by collective bargaining arrangements and paying a family wage. It was held mainly by male industrial workers.

2. The red-green coalition, led Chancellor Gerhard Schröder, was an alliance between The Social Democratic Party and The Greens and was in power from 1998-2005.

3. In 2003 Germany was spending about three per cent of GDP on labour market policy; that is, €1 billion on unemployment benefits, €1 billion on active labour market programs and €5 billion on the administration of labour market programs (Jann & Schmid 2004a, p. 9; Jann & Schmid 2004b, p. 9).

4. Like its Chairman, most of the 15 members of the Hartz Commission came from the private sector. Social partners, government and public administrators and scientific experts were in the minority (Schmid 2003).
5. Flexicurity is a welfare state model which combines pro-active labour market programs with activation of the work force.
6. Income analysis shows that in 2006 about 42 per cent of all mini and midi-jobbers earned less than €7.5 per hour (gross) (Brenke 2008).
7. 63.5 per cent of all mini-jobbers are women and about half of them are aged between 30 and 55 years (die Minijobzentrale 2009).
8. Other sources note that the proportion of people working in a standard employment relationship (permanent full-time employment) made up 38 per cent of the total workforce (all people of working age) in 2007. However in some sectors (retail, transport, agriculture and forestry, public and personal services) flexible employment, particularly mini-jobs, make up more than one-third of total jobs. In the hospitality sector this rises to approximately 90 per cent (Eichhorst & Marx 2009, pp. 14-15).
9. Contributions to unemployment insurance and insurance liability was mandatory for all dependent employees having earnings within certain income limits.

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