THE ‘ADULT WORKER MODEL’ WELFARE STATE: EUROPE’S NEW SOCIAL MODEL?
Claire Annesley


Contact details:
Politics, University of Manchester, Oxford Road, Manchester M13 9PL
claire.annesley@manchester.ac.uk
+44 (0)161 275 4879

First draft - please do not cite - comments welcome
ABSTRACT

The European social model is undergoing change both in its national manifestations and at the level of the European Union (EU). Many of the approaches and assumptions associated with the post-war welfare settlement and the periods of economic stagnation are being questioned and unpicked and new normative and policy approaches are being proposed. The key change is a major reorientation of the welfare state to the Adult Worker Model (AWM) in which all adults are expected to take paid employment and secure financial independence. Empirical evidence shows that policies are being developed in the direction of the AWM. Existing research on why welfare reform in the direction of AWM occurs tends to focus on the level of the nation state – on either programmatic priorities of social democratic governments or economic imperatives to reduce welfare expenditure and maximise economic growth. What remains under-researched is the influence of European Union (EU) initiatives in promoting AWM welfare states. This paper argues that the Lisbon Process, launched in 2000 to ‘make Europe the most competitive and dynamic knowledge-driven economy by 2010’ presents a vision of the European social model which coheres on the principles of the Adult Worker Model. What remains unclear is whether the Open Method of Coordination (OMC) which dominates the Lisbon Strategy is sufficient to move many national welfare states to restructure their welfare models and thus trigger convergence.
INTRODUCTION

The European social model is undergoing change both in its national manifestations and at the level of the European Union (EU). Many of the approaches and assumptions associated with the post-war welfare settlement and the periods of economic stagnation are being questioned and unpicked and new normative and policy approaches are being proposed. The key change is that in recent years member states of the EU have begun to undergo a major reorientation of the welfare state to what Jane Lewis (2001) refers to as the Adult Worker Model (AWM). This is one in which all adults (not just core, male workers) are expected to take paid employment and secure financial independence. Empirical evidence shows that policies are being developed in nation states to encourage adults into paid work, improve the financial incentive to taking employment and facilitate a work-life balance. Existing research on why welfare reform in the direction of AWM occurs tends to focus on the level of the nation state – on either programmatic priorities of social democratic governments or economic imperatives to reduce welfare expenditure and maximise economic growth (Lewis 2001, Annesley 2003, Leitner 2005). What remains under-researched is the influence of European Union (EU) initiatives in promoting AWM welfare states. Are national AWMs the outcome of a process of Europeanisation?

This paper argues that the Lisbon Process, launched in 2000 (and relaunched in 2005) to ‘make Europe the most competitive and dynamic knowledge-driven economy by 2010’ presents a vision of the European social model which coheres around the principles of the Adult Worker Model. What is unclear, however, is whether the processes of dialogue and benchmarking associated with the Lisbon Strategy are moving many national welfare states to restructure their welfare models in ways that alter key traditional features. There is evidence of significant reform in welfare states such as Germany and the UK which traditionally promoted paid employment for core male workers and unpaid caring roles for women, but it is unclear whether targets set by Lisbon are in fact the trigger to domestic reform programmes carried out by social democratic governments in the years 1997-2005.

The paper proceeds in the following way. It first reviews the debates about the development of the European Social Model, arguing that this process was both slow and the existence of a European social model highly contested. Nevertheless, it argues that there was coherence to the EU’s attempts to create a social Europe. It then presents the case that the Lisbon Strategy marked a break from old approaches to Social Europe. It promotes a new vision of a European Social Model that coheres around the principles of the Adult Worker Model (AWM) welfare
state first conceptualised by Jane Lewis (2001). Evidence exists of both policy reform in the direction of the AWM in member states such as the UK and Germany and of guidelines and targets in this direction at EU level. The article concludes that it is difficult to identify a causal effect – whether then EU targets have triggered policy reform – largely because of the nature of the Open Method of Coordination governance tool which dominates the Lisbon Strategy.

THE SLOW AND CONTESTED DEVELOPMENT OF THE EUROPEAN SOCIAL MODEL

The launch of the Lisbon Strategy in 2000, which had the stated aim of making Europe the most dynamic and competitive knowledge-based economy in the world, triggered a revival of the debate on the social dimension to European integration. For some, Lisbon embodies a renewed attempt to counter the process of market and economic integration associated with the Single European Market (SEM) and Economic and Monetary Union (EMU) with a coherent social agenda. For Pochet (2005, 40-1) Lisbon represents the fifth attempt to develop a social policy for the European Union (EU). Each phase, he laments, (2005, 39) is ‘more a story of failure than great success’.

Overall the existence of any European social model is highly contested. Since no pan-European welfare state has been created, it is often disputed whether we can really talk of an EU social policy. Rather, up to the late 1990s focus has tended to be on the common retrenchment of European welfare regimes as a consequence of the negative processes of market and economic integration and globalisation (Bonoli et al 2000). That said the European Court of Justice (ECJ) and the Commission have been persistent in their efforts to uphold social values in European social policy. As I have argued elsewhere (Annesley 2003), there is indeed a coherent body of EU social policy which can be found in the Treaties, ECJ rulings, Commission White Papers and directives, recommendations and the resultant regulations.

At the heart of the EU’s social policy has been the conviction that social policy is not a counterweight to market integration or a correction of market forces, but the belief is rather that social cohesion promotes market efficiency. The Commission emphasises the ‘investment’ dimension of social welfare, that is to say, it favours social policies which are conducive to growth (education and training and active labour market policies), over passive ones which make no contribution to economic growth (Bonoli, et al 2000, 122-3). For this reason, too, the EU has mostly been concerned with promoting social rights for workers rather
than for citizens. EU social policy has traditionally emphasised employment rights, the promotion of social partnership, equal opportunities and pay for men and women, the improvement of living and working conditions, the reconciliation of work and family life and environmental and consumer protection (Leibfried and Pierson 1995; Walby 1999; Hantrais 2000).

During periods of rising unemployment in Europe the emphasis on the investment dimension of EU social policy has become stronger. Articles emphasising the promotion of employment were added to the Treaty of Amsterdam (1997) and responsibility for meeting these objectives is shared between member states and the EU. The Council and the Commission are assigned the tasks of reporting on the employment situation, drawing up guidelines and examining the measures taken up by national governments as well as their implementation. The first employment guidelines adopted set out four main objectives which were to be transferred into national action plans: improving employability, developing entrepreneurship, encouraging adaptability of businesses and their employees to enable the labour market to react to economic changes, and strengthening policies for equal opportunities.

A second important dimension to the EU social policy regime is the equal treatment of men and women (Meehan 1993; Ostner and Lewis 1995; Walby 1999). The EU views gender equality as a fundamental right and the ECJ has made full use of the legal provision Article 119 of the Treaty of Rome to realise this right. At first these were limited to the context of employment but since Amsterdam this has been extended into a more wide ranging set of equal rights (Walby 1999). The consequence of the ECJ’s activism in the issue of equal opportunities is that the equal rights provisions at EU level have gone further than the equal opportunities regimes of most of the member states.

Leibfreid and Pierson (1995) argue that EU influence on member states’ social policy is such that they have become ‘semi-sovereign’ in this policy area. There are two major processes through which the European Union traditionally intervenes in the social policy of member states directly. The first is by promoting social policy programmes of its own, usually initiated by the Commission. The second is by erasing features of national systems that are incompatible with the development of the single market. This is done by the European Court of Justice (ECJ). Additionally, social policy regimes of nation states are influenced indirectly by the economic policies of the EU (Leibfried and Pierson 1995, 70; Teague 1998).

The Commission has been continuously active in social policy over the years and has enacted a number of social policy initiatives and programmes. Its role in social policy has with time
shifted from seeking to promote social policy harmonisation of national welfare states to setting social policy objectives and coordinating nation states’ implementation of these. Although social policy clearly remains the initiative of member states, the Commission has nevertheless played an important role in sustaining and raising the profile of the social side of European integration (for example in its White Papers), in encouraging member states to adopt similar social policy objectives and coordinating this when they do (for example through benchmarking and National Action Plans). Indeed, Cram (1997, 5) refers to the Commission’s strategy to maximise its influence in social policy as ‘purposeful opportunism’ which is a ‘strategy of an organisation which has a notion of its overall objectives and aims but which is quite flexible about the means by which they are achieved’.

A Europeanisation of member states’ social policy is also conducted directly by the European Court of Justice which has the role of ensuring that states adhere to Treaty commitments and uphold the principles of the single market. In fact, in the field of social policy, the power of the EU is not exercised through tax and spend but rather by means of its powers as a regulatory state in which the judiciary plays an important role in policing the regulations (Majone 1993; Leibfried and Pierson 1995, 11; Walby 1999). The ECJ has promoted the coordination of national social security benefits and services as part of the single market and has directly change national welfare regimes in a number of ways. As a consequence of the ECJ’s rulings, nation states may, for example, no longer be able to limit social benefits to its own citizens, or insist that benefits are consumed within that territory (Leibfried and Pierson 1995, 64). The ECJ has also used provisions in European law to extend or plug gaps in existing national gender regimes. Its extensive use of Article 119 on equal rights is an example of this approach (Ostner and Lewis 1995). Finally, the ECJ makes decisions about policy originating from other EU institutions. For example, the UK (along with five other states) failed to meet the deadline for transposing the health and safety directive on the organisation of working time into national law. The British government initiated legal proceedings before the ECJ arguing that the wrong legal base had been used and that ‘the directive went beyond the concept of the working environment and constituted an abuse of the Council’s powers’ (Hantrais 2000, 81).

In addition to the direct influence of the Commission and the ECJ, the economic policy of the EU has an indirect impact on the social policy of member states. During the 1990s, the push to achieve economic union and the single currency greatly affected national welfare states, and for some, these projects have threatened to undermine the social side of Europe (Teague 1998). States wishing to join the Eurozone were expected to meet the five economic criteria
(the Maastricht criteria). Most significantly in a discussion of social policy, these rules set limits to the permissible level of government deficit (no more than 3 per cent of GDP) and of government debt (gross public sector debt to be no more than 60 per cent of GDP). In addition to the Maastricht criteria, states subsequently agreed the Stability Pact at the 1996 Dublin Summit. This is intended to guarantee lasting fiscal prudence by levying fines on any state which has budget deficits greater than 3 per cent of GDP and could permanently restrict member states’ welfare spending, even during times of recession when fiscal receipts are low and unemployment is generally high. In order to meet these rigid criteria, many states, including Germany and France, implemented reform programmes to make large-scale cuts in welfare. What is more, the incentive of meeting the Maastricht was used in some states as an opportunity to implement ‘necessary’ welfare reform or retrenchment while at the same time passing the blame onto another level (Schmidt 1999; Bonoli et al 2000).

Yet Europe remains a collection of corporatist, social democratic, southern European and liberal welfare regimes (Esping-Andersen 1990; Ferrera 1996; Hantrais 2000) and strong, modified and weak male breadwinner regimes which offer various degrees of support for women’s caring responsibilities (Lewis 1992; 2001; Pedersen et al 2000). As the models of capitalism and welfare capitalism literatures have demonstrated, these welfare states are adapting in different ways to the global and European economic environment (Scharpf and Schmidt 2000a; 2000b; Taylor-Gooby 2001) and scholars working on the social dimension to Europe have found little evidence of convergence to a European Social Model (Kleinman 2001).

The recent revival of hopes for a European Social model under the auspices of the Lisbon Strategy has renewed familiar debates on whether efforts at the level of the EU to promote a Social Europe will lead to a convergence of national social models to a coherent EU model or whether national diversity will persist. Debates on the possibility of convergence to a new European social model since Lisbon have centred on the capacity of the Open Method of Coordination (OMC), the ‘new’ governance tool central to the Lisbon Strategy, to bring about policy change and ultimately policy convergence among EU state (De la Porte and Pochet 2003). The OMC is an approach that entails 1/ the fixing of guidelines, 2/ establishing indicators and benchmarks, 3/ translating guidelines into national and regional policies, taking into account national and regional differences and 4/ periodic monitoring, evaluation and peer review, organised as a mutual learning process. On account of the very nature of the OMC governance tool, most empirical studies remain sceptical of the ability of this very ‘soft’ approach to engender policy convergence (Zeitlin and Pochet 2005). As De la Porte and
Pochet (2003, 32) aptly put it, the OMC approach associated with the Lisbon Process represents ‘yet another attempt to give social Europe a consistent content, with a tool that in principle respects national diversity’.

The debates on the governance tools involved in the Lisbon Process have dominated over debates on the content of the social dimension of the Lisbon Strategy. The next section of this paper seeks to outline and characterise the content of the social dimension of the Lisbon Strategy by demonstrating that it closely mirrors the main features of the Adult Worker Model welfare state.

**THE ‘ADULT WORKER MODEL’ WELFARE STATE**

It is clear that welfare states in the EU represent different welfare regimes (Esping Andersen 1990), some common approaches to European welfare in the post-war era are evident. The traditional European social model concentrated on promoting the welfare of a core set of citizens: the full-time, life-long, male employees. Unemployment was managed – particularly in corporatist welfare states – by reducing the labour supply and reserving the work available for these core male workers. This approach had serious implications for three groups: women, older people and workers with disabilities.

With respect to women, most European models of welfare capitalism developed in the post-1945 era as Male Breadwinner (MBW) welfare states. This referred to a social system that assumed the full-time, life-long employment of a male wage earner with a female responsible for caring for children and other dependants. In the MBW welfare state, women accrued social rights via their spouse and, in the absence of a male breadwinner, for example in the event of his death or divorce, the state was willing to step in. Jane Lewis (1992) characterised Western welfare states according to the degree to which the welfare state is prepared to support a woman independent of a male breadwinner categorising countries as weak, moderate or strong male breadwinner welfare states. Sweden counted as an example of a weak MBW welfare state, France as a moderate, and Germany and the UK as strong. Thus the strong male breadwinner model label covers a wide range of various state – the UK and Germany are very different welfare states (Esping-Andersen 1990, Daly 2000; McGinnity 2004) but both are classified as weak male breadwinner welfare states.

The strategy of reserving employment for core workers also affected older workers. During periods of economic downturn and rising unemployment, some welfare states – notably corporatist regimes such as Germany and France – opted for lucrative early retirement
policies to encourage ‘older’ workers to exit the labour market. The idea was that this would free up jobs for younger and cheaper workers. In practice many jobs became obsolete. Workers with disabilities were also given incentives to leave the labour market through generous incapacity benefits. This strategy was used for example in the Netherlands where almost one million people in a total working population of seven million qualify for the generous disability scheme, the WAO. Similarly, in the UK in the 1980s the unemployed were encouraged to take incapacity benefit rather than unemployment benefit in order to keep jobless figures down.

There is evidence across Europe that the traditional social model, in which work is the preserve of a core group, is undergoing a significant process of transformation. Jane Lewis (2001; 2004) makes the convincing case that advanced welfare states are currently undergoing a shift from the Male Breadwinner model that characterised the post-war welfare settlement to a new model which she refers to as the Adult Worker Model (AWM) welfare state. This emerging model is based on the assumption that all adults are expected to take paid employment in order to promote individual economic existence rather than rely on a spouse or the welfare state.

The shift to the AWM welfare state affects all three groups identified above as being legitimately ‘excused’ or excluded from formal employment in the traditional European welfare state. Jane Lewis’s analysis focuses on the impact of the emergence of the AWM on women. She argues that bringing women into the labour market requires welfare states to rethink the gendered approach to social policy. It is necessary to challenge to gendered assumptions of the labour market to encourage women into employment and support their transition from the unpaid to paid work. Lewis (2001) gives Sweden and the United States as two examples of existing AWM welfare states but differentiates between these two according to the degree of support working adults are provided by the state. Sweden is an example of a supported one, and the United States is in contrast an unsupported AWM welfare state. Lewis cites the examples of the Netherlands and the United Kingdom as welfare states undergoing the transition in the direction of the AWM. In addition to the gendered impact of the development in the direction of the AWM, the trend also affects older workers and workers with disabilities. After decades of being removed from the labour market, these citizens are now being encouraged to return to work or work longer in order to support themselves financially.
Accompanying the normative shift towards the Adult Worker Model welfare state is a range of policies which take four guises. These policies can be labelled as ones to: 1/ encourage adults into employment; 2/ make work pay; 3/ reconcile work and caring responsibilities and 4/ tackle labour market discrimination against non-core (i.e. women, older or disabled) workers. Evidence of the development of such policies can be found across a number of welfare states (Annesley 2005). Examples of key policies targeted at women in the national contexts of the UK and Germany are outlined below.

**Encourage Adults into Employment**

Adults are being encouraged into paid employment primarily through activating labour market policies (ALMs). These are programmes which seek to encourage the unemployed and the economically inactive to enter the labour market. They contrast to policies which seek to deal with unemployment by discouraging certain groups – usually women and older workers – to take full employment, leaving the work available to a core labour force. ALMs usually entail a carrot and stick approach, emphasising the rights and responsibilities of the welfare citizen. On the carrot side, these programmes involve more support in finding suitable jobs and sometimes offer various options for those wishing to enter paid employment. On the stick side, ALMs might threaten sanctions for those not taking up offers of employment in the form of cuts in benefits. Under the social democratic governments of New Labour and the SPD ALMs have been promoted. In UK this was the New Deal in the UK and in Germany this is the labour market reform under the auspices of the Hartz IV programme. While this is in some regards a continuation of the policy approach of the Conservative governments, albeit with more carrot, for Germany the Hartz reforms represent significant change in approach.

The New Deal is the cornerstone of New Labour’s social inclusion programme. It is an active labour market policy funded by a one-off ‘windfall’ tax levied on the private utilities in the mid-1990s. Unemployed people who enter the New Deal are assessed by a personal advisor for the first three months. Then, if still unemployed, they are offered a subsidised job, full-time education or training, a job on the Environmental Task Force, or a six-month placement in the voluntary sector. The options depend on the client group. This welfare-to-work policy was initially launched in April 1998 for the young unemployed (18-24 year-olds) and June 1998 for the long-term unemployed (over 18 months). Later the programme was extended to include lone parents, the disabled, the over-50s and partners of the unemployed. While the New Deal programme is compulsory for the under 25s and the long-term unemployed, and a
refusal to comply leads to cuts in benefit, it operates on a voluntary basis for the other groups. That said, by New Labour’s second term it became compulsory for these other groups to attend a work-focused interview with a personal advisor, though not to take up employment.

In Germany the Hartz programme initiated by the Hartz Commission in 2002 aimed to modernise the labour market. The main aim of the reform was to increase the speed with which unemployed find employment. The activation introduced new assumptions about who was expected to take formal employment and placed families at the centre of attention. Previously, women with children receiving benefit were not expected to work until the child entered school (age 6 in Germany). However, following the Hartz reforms the expectation now is that mothers seek employment when the child is three (Leitner 2005, 962).

Moving the unemployed and economically inactive into employment is approached through the principles of fordern and fördern (the stick and carrot approach). New institutions and mechanisms have been created to help the unemployed find paid employment, and at the same time more pressure and emphasis is being placed on claimants to take the initiative and help themselves. Arbeitsämter were transformed to JobCenters which now prioritise finding jobs for the young, the long term unemployed and the unemployed with families or other caring responsibilities (Annesley 2004, 57). The Hartz reforms seek to reduce the duration of unemployment through PersonalServiceAgentur (PSAs). These are independent and private employment agencies which advertise jobs to the unemployed. The unemployed are expected to apply for these jobs and accept a job offer if one is made. Jobs provided through PSAs are paid at the rate of unemployment benefit for a trial period (Annesley 2004, 57).

Since Hartz there are new rules on what is expected of the unemployed – referred to as Zumutbarkeit. These new expectations concern the mobility and the kind of work the unemployed are expected to accept. The burden is now on the unemployed to prove that he or she cannot accept employment. The period of entitlement to unemployment benefit has been cut to 12 months. Thereafter the unemployed are entitled to claim the new means-tested Arbeitslosengeld II (ALG II). This new benefit is a combination of the old Arbeitlosengeld (unemployment assistance) and Sozialhilfe (social assistance). The expectation of taking employment is stronger on all unemployed adults. Also with the new ALG II there are new rules about the Bedarfsgemeinschaft – who is responsible for whom in a household or family.

The activation measures of the Hartz programme improves the support in jobseeking for those who were previously social assistance claimants, ALG I claimants the long term unemployed and under 25s. An additional emphasis is placed on finding jobs for adults with dependents.
Measures include finding paid employment through the PSA or for those who are hard to place (young unemployed or long-term unemployed) offering a so-called Zusatzjob. The Zusatzjob – more commonly referred to as the Ein-Euro-Job (one-Euro-jobs) – provides work experience in the community in return for ALG II plus expenses. The aim is to promote the social integration of the unemployed who are hard to place and increase the opportunity for inclusion into the labour market (BMWA 2005). Also there is an option of training for under 25s who claim ALG II for the first time and financial support in the form of Überbrückungsgeld is provided to the unemployed who wish to set up their own businesses – the so-called IchAGs.

The Hartz reforms has been strongly criticised and in 2004 the proposals led to Monday demonstrations in the new Bundesländer. The reforms encourage adults into the labour market at a time when there is record unemployment. The emphasis is on creating a low-wage sector and flexible labour market; this means on the one hand that people will be expected to take unemployment for which they are over-qualified and on the other hand less emphasis is being placed now on retraining the unemployed (Kurz-Scherf and Scheele 2002, 2; Schierholz 2005, 948). The shift from rights based to needs based entitlement is argued to create new kinds of dependencies in the Bedarfsgemeinschaften. Some gendered critiques go as far to suggest that this will force women ‘back to the kitchen’ and to dependency on men (Brinkmann 2005). The argument goes that if a woman becomes unemployed, the new rules on dependency will mean that her higher-earning partner will be expected to support her and that she will no longer have an automatic right to take part in training or activation programmes (Brinkmann 2005).

**Make Work Pay**

The AWM promotes employment so that adults are able to sustain an independent livelihood. Make work pay policies are ones which make paid employment financially more lucrative than remaining on benefits or dependent on a male breadwinner. They usually compensate for low wage work and seek to prevent in work poverty. Taking a gendered perspective, Lewis (2004) notes that part of the political aim of the AWM is to encourage women into employment so that they are able to sustain an independent living. However, women’s ability to realise this aim is limited by the fact that women’s work is paid at a lower rate – the gender pay gap – and by the fact that women carry a heavier burden for unpaid work – either caring or household duties – that impinges on their ability to work full-time hours and earn a
sustainable wage. Lewis argues, therefore, that in the development to an AWM gender sensitive policies need to be developed to promote a fairer wage in the labour market and a fairer distribution of paid and non-paid work in households. In addition, as Dingeldey (2000; 2001) demonstrates, the structure of tax systems and allowances influence the incentives for adults - and women in particular - to enter the labour market. These then also need to be addressed.

New Labour has developed policies to increase the financial incentives of moving from welfare to paid employment out of a recognition that benefits traps meaning that a welfare claimant would be financially no better off in paid employment than on benefits. This phenomenon occurs not because welfare benefits are generous, but rather because of the low-wage labour market that gives rise to the phenomenon of in-work poverty. In April 1999 the National Minimum Wage was introduced at a rate of £3.60 for over 22s (£3.00 for 18-22 year olds) and by October 2005 this had risen to £5.05 for over 22s (or £4.25). Though not very generous, it means that employees on very low wages, many of whom are women, were lifted out of the worst in-work poverty. Low wages are now subsidised by additional schemes such as a comprehensive system of tax credits which give additional income to low-income employees. In October 1999 the Working Families Tax Credit (WFTC) and the Disabled Person’s Tax Credit were introduced to provide continued benefits in the form of tax credits to low income employees with families or disabilities. From 2003 the WFTC was extended to address the issue of work incentives and in-work poverty among people without children or disabilities referred to as Working Tax Credit (WTC).

Since election in 1997, New Labour has reformed the tax system and the structure of National Insurance contributions to reduce the tax burden on low income families. In the UK New Labour introduced a lower rate of income tax of 10p in the pound on the first £1,880 (2001) of earnings to give low earners more disposable income and raised the threshold at which employees pay national insurance contributions. The government also scrapped the married couple’s allowance in the 1999 budget, replacing it with the Working Families Tax Credit in April 2001. This means that there is no longer a financial reward for a partner of a married couple to stay at home; she would benefit greater than before from taking up paid employment. The New Labour government is also starting initiatives to address or close the gender pay gap.

In Germany wages are negotiated by tripartite collective agreement and are therefore generally high. If there are jobs available there is clearly an incentive for the unemployed to
take work. Moreover, the gender pay gap is smaller in Germany than it is in the UK (Daly and Rake 2003, 63). In the mid-1990s the mean hourly wage for women as a percentage of the mean hourly wage for men was 86.6% (cf. 74.6% in the UK). What is more, there was barely any difference in the mean wage for women with and without children (88.2% without cf. 85.5% with) (Daly and Rake 2003, 63). The barrier to women’s employment is not so much a poor incentive through low wages but can be explained with other factors. One is the lack of childcare available (see below); the other has to do with the tax system.

The Hartz reforms seek to promote a low wage economy (Kurz-Scherf and Scheele 2002, 2; Schierholz 2005, 948) following the ethos that any work in the formal economy is better than living off the state or community (BMWA 2005). This could affect more women than men: women could become over-represented in the low-wage sector and this would exacerbate the gender pay gap. The government has developed some policy initiatives to encourage the unemployed into low-paid employment. Einstiegs- oder Job-Zuschuss is a payment made for up to 2 years to ALG II claimants who take work that is paid at a level below or just above ALG II. The payment is needs not rights based, and varies according to the duration of unemployment and the number of dependents. Eligibility is decided by the ALG II claimant’s case manager. There have also been some experiments with systems of tax credits at Länder level, the so-called Mainzer Modell.

A bigger barrier to making work pay in Germany is the system of Ehegattensplitting. This offers tax breaks to couples with only one income or one high and one low income (Leitner 2005, 962). It means that there is no significant financial benefit for a second adult working (Daly and Rake 2003, 87-9). A two-earner family with children is taxed quite heavily – almost as much as a single person (Daly and Rake 2003, 89). The average net monthly income of fulltime employees in manufacturing (at ppp in 1998) is 1,488€ for a single person, 2,091€ for a two-child family with one earner and 3,040 for a two child family with two average earners (Daly and Rake 2003, 88). This means that a single person is 41% better off than a two-child family with one earner, a two earner family is 31% worse off than the one earner family [check this interpretation]. There was a brief discussion in the red-green coalition in autumn 2002 about reforming the system of Ehegattensplitting, but this did not get very far (Berghahn 2003). The existing system is a policy remnant of the MBW welfare state and clearly remains a barrier in the development of the AWM. It has a particularly negative impact on incentive for women middle income levels to take employment (Leitner 2005, 962).
Policies that help with a reconciliation of work and family life include the provision of childcare for children under school age and of the timing of the school day. It also includes the provision of parental leave for new parents and relates to efforts to create a more even distribution of unpaid work between men and women in households, which is arguably harder to influence with public policy. However the way that these policies are gendered can influence their success. This is explained below.

New Labour has placed emphasis on offering practical support to ease the transition to work for those with caring responsibilities. One of the biggest barriers to taking employment is the availability and cost of childcare: the average cost of a full time childcare place for a child under the age of two is £128 per week. The National Childcare Strategy, launched 1998, guaranteed free part-time nursery places for all three and four year olds and aimed at improving the provision and quality of childcare places in every neighbourhood: 900,000 new childcare places by 2004 and a further 250,000 by 2006. This would be achieved by providing three years of funding for new nurseries in deprived areas and business support for new private providers elsewhere. Since 1997 the number of day nursery places has doubled and after-school places have tripled, though the 900,000 target was not fully met, in part because a number of new nurseries later closed (Stewart 2005). The cost of childcare for low income families has been reduced through the Child Tax Credit (CTC) available to all families claiming WTC. CTC covers 70% of the cost of a childcare place, reducing the average weekly cost from £128 to £38 (Stewart 2005).

In addition, New Labour has improved the provision of leave for new parents. Since 1999 British parents have been entitled to 13 weeks’ parental leave (Lewis 2002), and in April 2003 new legislation on maternity and paternity leave was introduced increasing mothers’ entitlement to paid maternity leave to 26 weeks with an additional option of 26 weeks’ unpaid leave. Paid maternity leave is at the rate of 90% of salary for six weeks and then a rate of £106 per week for a further 20 weeks (or 90% of salary if this is lower). Fathers were granted two weeks’ paid paternity leave, at the same flat rate as maternity pay. For its third term, the government pledged to extend maternity leave to nine months’ paid leave by 2007. Redistribution of paid and unpaid work in households has not been addressed but the policies, however, they are being gendered in a way that seeks to encourage fathers’ involvement in the family, for example, men have more rights to parental leave.
In Germany red-green family policy has aimed to encourage and support mothers into employment and to promote the involvement of fathers in unpaid caring roles. The government has sought to improve the support for families to reconcile work and family life and to improve the incentives for parents to return to paid employment. As part of the Hartz IV measures, the provision of childcare should be extended. 230,000 new places should be created for under threes by the year 2010. This is so that the finding jobs for the unemployed can be linked to finding childcare places. In addition, the government is committed to extending the provision of all-day schooling (Annesley 2005; Leitner 2005).

The red-green coalition government has reformed the provision of leave for parents. In 2001 parenting leave (Erziehungsurlaub) has been reformed to parenting time (Erziehungszeit). It lasts for two years but no longer needs to be taken in a single block. In two parent families the time can be taken off together. Significantly, the level of payment during parenting time is more generous if it is taken for a shorter period of time, than if the parents return to work sooner rather than later. The so-called ‘Budgetangebot’ (budget deal) offers 300€ per month for up to two years or 450€ per month for up to one year (Leitner 2005, 959). In addition mothers and fathers are now permitted to work up to 30 hours per week during parental leave to keep their connection to the labour market (Leitner 2005, 959). These measures seek to encourage mothers into paid employment and fathers into caring roles, thus redistributing the burden of paid and unpaid work in families or households. The evidence is that the trend is going in the direction intended by the red-green coalition but that take up is greater among higher income families than lower or middle income ones (Leitner 2005, 960-1).

The cause of the shift to the AWM is multifactoral. Jane Lewis (2004) identifies the reasons for the transition as both social structural and political. Changes in social behaviour at the level of the family mean that there are fewer births, more divorces, more single person households and lower fertility rates among women. The flip side of this development is an increase in the participation of women in the labour market either on a full- or part-time basis. The political side of the development towards AWM welfare states relates according to Lewis to the conviction of some governments that all adults should be employed so that they are responsible for their own welfare now and in the future. The ideal of employment for all is particularly strong for social democratic governments which promote the ideal of the citizen-worker (Siim 2000, 36). Also the impact of national politics is important. Social democratic
governments traditionally have an interest in reforming the welfare state and in gender equality.

There is, in addition, a political-economic rationale to promoting the adult worker model welfare state (Annesley 2005). Firstly, maximising formal employment among adults is a response to the crisis of the funding of the welfare state. Higher rates of employment mean higher tax incomes and more investment into social programmes to sustain the welfare state. Similarly, a lower rate of unemployment means lower social budgets for welfare states. Secondly, increasing the overall rate of employment is argued to promote economic growth. If economic growth can no longer be assured through increasing rates of productivity, particularly in the service sector, then increasing employment rates overall is a viable alternative (Waters 2005). A low employment rate combined with a low number of working hours indicate that a country has a reservoir of unused labour which could be contributing to economic growth. The promotion of female employment is an effective part of this strategy as it arguably creates virtuous circle of a new demand for services such as child care for working women and with it new employment and economic growth (Esping Andersen 2002).

**THE LISBON STRATEGY AND THE AWM**

Others have argued that the shift of national welfare states to the AWM is triggered as much by domestic policy reform as by developments at the level of the European Union (Leitner 2005). Indeed, there is evidence that the blueprint set out by the Lisbon Strategy, and the quantitative and qualitative targets set to move member states towards that vision, are clearly in the spirit of the Adult Worker Model social system. The guidelines and targets developed under the auspices of the Lisbon Agenda demonstrate clear evidence of approaches which correspond to the four policy guises outlined above. The key stepping stones in the development of this agenda are the European Employment Strategy (EES), developed in 1997 and reviewed in 2002. Following the review of the Lisbon Strategy in 2005 the European Employment Strategy guidelines were integrated with the Broad Economic Policy Guidelines the Integrated Guidelines for Jobs and Growth (2005-2008) were published in 2005 (European Commission 2005). A concern emerged that the new focus on ‘jobs and growth’ would undermine the social dimension of the Lisbon Strategy (Zeitlin and Pochet 2005). However, these documents suggest that the Lisbon Agenda is developing an overarching social approach for Europe that is close to the Adult Worker Model welfare state. By
reviewing some of the key social guidelines and targets outlined in these documents, a picture builds up on an EU-wide AWM.

**Encourage Adults into Employment**

The Lisbon Strategy seeks not only to reduce Europe’s high unemployment rate but also takes the new approach of aiming to increase the employment rate overall. In this regard, the European Employment Strategy (EES) set targets to increase, by 2010, the participation of adults overall to 70%, the participation of women to 60% and of older workers to 50%.

The review of the EES in 2002 introduced ‘full employment’ as one of three new overarching objectives. In addition the review introduced ten new guidelines which encouraged approaches. Under the rubric of encouraging adults into employment these include: ‘active and preventative measures for the unemployed and the inactive’ (#1); ‘increase labour supply and promote active ageing’ (#5) (Pochet 2005).

The Integrated Guidelines for Jobs and Growth additionally include a guideline to ‘promote a lifecycle approach to work’ which entails ‘eliminating gender gaps in employment, unemployment and pay’ and seeking to ‘support participation in employment and longer working lives, including appropriate incentives to work and discourage early retirement’ also to offer ‘support for working conditions conducive to active ageing’ (European Commission 2005, 27). An additional guideline is to ‘ensure inclusive labour markets for job-seekers and disadvantaged people through: active and preventative labour market measures including early identification of needs, job search assistance, guidance and training’ (28).

**Make Work Pay**

In the spirit of making work pay, the 2002 EES guidelines aim to ‘make work pay through incentives to enhance work attractiveness (#8) (Pochet 2005). In the Integrated Guidelines for Jobs and Growth the emphasis is on ‘ensuring that work pays’ (European Commission 2005, 28) and on a ‘continuous review of tax and benefit systems, including the management and conditionality of benefits and reduction of high marginal effective tax rates, with a view to making work pay and to ensuring adequate levels of social protection’ (28). At the same time though, a guideline specifies ‘ensure employment-friendly wage and other labour cost developments’, meaning that ‘wage developments should be in line with productivity growth over the economic cycle’ and ‘efforts to reduce non-wage labour costs and to review the tax
wedge may also be needed to facilitate job creation, especially for low-wage employment’ (29).

Reconcile Work and Family Life

In the spirit of reconciling work and caring responsibilities, at the Barcelona Summit in 2002 targets were agreed on the supply of childcare: that, by 2010, childcare will be provided for 90% of children between three and the mandatory school age and for 33% of children under the age of three.

The Integrated Guidelines for Jobs and Growth specify guidelines to promote a ‘better reconciliation of work and private life, including the provision of accessible and affordable childcare facilities and care for other dependents’ (27)

Tackle Discrimination

Measures to tackle inequality are covered in the EES by two guidelines, one addressing ‘gender equality’ (#6) and a second to ‘promote the integration of and combat the discrimination against people at disadvantage in the labour market’ (#7) (Pochet 2005).

The Integrated Guidelines for Jobs and Growth recognise that ‘equal opportunities, combating discrimination and gender mainstreaming and essential for progress’ in achieving full employment (27). In relation to facilitating access to employment it is recognised that ‘combatting discrimination, promoting access to employment for disabled people and integrating migrants and immigrants are particularly essential (28).

The purpose of this overview is to demonstrate that by looking at the content of the various components of the Lisbon Agenda, we can identify a new and coherent approach to Europe’s social policy which mirrors the supported Adult Worker Model conceptualised by Jane Lewis and the implementation of which is already underway in member states such as Germany and the UK.

CONCLUSION: IS THE LISBON AGENDA TRIGGERING CONVERGENCE TO A EUROPEAN ADULT WORKER MODEL WELFARE SYSTEM?
This paper has argued that the Lisbon Agenda represents a coherent new vision for the European social model which, on paper, aims to get adults into employment, improve the financial incentives to take work, support EU citizens in balancing work and private lives and tackle discrimination against non-core workers. This approach to make the European Union competitive by encouraging economic and job growth is new to the EU which formerly concentrated on improving the conditions of work for the employed and getting the unemployed into employment. Similarly, this is a new approach for most EU member states, with the possible exception of the Nordic states Denmark, Sweden and Finland.

As this paper has demonstrated there is sufficient evidence from the UK and Germany to suggest that these welfare states are already moving in the direction of the AWM. To what extent is this shift at national level evidence of convergence at European level? This question inevitably brings the debate back to the tools involved in governing the Lisbon Strategy - the OMC. As numerous studies on the OMC have argued, it is methodologically hard to identify and prove a causal effect. Moreover, there is doubt that the tool is strong enough and sufficiently enforceable to bring about convergence of policy.

There is however evidence of policy change and policy learning in the process of the Lisbon Strategy. Recent reforms of the labour market and social protection system in Germany are argued to have been triggered by the Lisbon Agenda (Zeitlin 2005, Büchs and Friedrich 2005) and inspired by policy approaches taken by the UK and Denmark (Pfister 2005). While policy convergence may be limited, evidence of cognitive convergence has been identified, that is, convergence in the way problems are identified and framed. If the discourse of the Lisbon Process as the key solution to European welfare states’ economic and social problems is convincing enough, then the door might get closed to alternative solutions associated with the older social model (Büchs and Friedrich 2005). It is hard to imagine, for example, that a German government would now reintroduce a comprehensive early retirement programme.

**LITERATURE**


Daly, M. (2000) The Gender Division of Welfare. The Impact of the British and German


