Party politics as we knew it? Failure to dominate government, intraparty dynamics and welfare reforms in continental Europe
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5 The Declining Importance of Party Politics as We Knew It

The research design pointed out that Austria, the Netherlands and Germany are most similar in several theoretically relevant aspects. They are said to belong to continental welfare states, are governed by coalition governments, have party systems with strong Christian democratic and social democratic parties, and they are all EMU members.

This chapter focuses on pensions and family policy. It examines a) if developments within the countries’ actually look alike; b) if parties behave in line with my ideal types (see section 2.1) during the golden age of the welfare state and c) whether these ideal types shed light on reform trajectories after the golden age.

As to pensions, the ideal types derived from power resource theory lead us to expect that social democrats promote earnings equality via a welfare state with high transfers, high services and universal social rights. The state is the preferred management or regulatory structure. Furthermore, Christian democrats are assumed to maintain income differences via a welfare state with high transfers, low services and status-based entitlements. The social partners are the preferred actors to manage or regulate the system with a secondary role for the state. Finally, I expect that liberals support equality of opportunity via a welfare state with low transfers, low services and means-tested entitlements. The market is the preferred way of managing or regulating.

Regards family policy, I expect that social democrats support equality of opportunity for women via the provision of social services, whereas Christian democrats promote the traditional family ideal and liberals wish to interfere as little as possible in private spheres.

The chapter is structured as follows. Three country sections discuss welfare state developments in Austria, Germany and the Netherlands, respectively. Each country section starts with a brief overview of welfare politics in general and pension politics in particular from 1945 to 2006. Afterwards, I turn to family politics. For reasons of space, only the basic reform trajectories are discussed here. The country chapters on pensions and family policy provide detailed overviews of reforms since the early 1980s that further support this chapter’s judgments of reform trajectories. Finally, in the fourth section, I compare the basic reform agendas in pensions and family policy across the three countries from the early 1980s on.
5.1 Austria

5.1.1 Pension Politics since the Golden Age

The developmental trajectory of the Austrian welfare state was crucially shaped by Christian democratic and social democratic orientations as well as power bases. In agreement with my ideal types, the Austrian People’s Party (ÖVP), a Christian democratic party in a virtually homogeneous Catholic society, emphasized status maintenance and subsidiarity. The Austrian Socialist Party (SPÖ) favored earnings equality via universal and generous social policy. The strength of the Christian democrats in the early postwar period, combined with the existence of policy legacies of a fragmented welfare system, led to an employment-based welfare state with diverging schemes for various occupational groups. Under pressure from the SPÖ, with the support of the main trade union federation (ÖGB), rules and benefits in the different schemes, especially for blue- and white-collar workers, were gradually made more equal (Huber and Stephens 2001: 156).

The ÖVP won a narrow absolute majority of seats in 1945, but formed a government with the SPÖ. The Grand Coalition between the ÖVP and the SPÖ would last until 1966. This period witnessed the foundation of the welfare state and the institutionalization of co-operation among the social partners. Although the peak associations of labor and capital were formally non-partisan, the ÖGB and the Chamber of Labor both functionally and personally allied with the ÖGB. As to the ÖVP, there was a considerable overlap between the leaders and functionaries of the Economic Chamber (unifying employers and self-employed) and the Office of the Austrian Chambers of Agriculture. Moreover, the Christian democratic trade union faction obtained a minority position in the Chamber of Labor and the ÖGB, but dominated the Union of Civil Servants (Pelinka 2005).

In social policy, the ÖVP attempted to re-establish the former system with different schemes and different insurance carriers for different groups. The SPÖ tried to centralize and unify the former system in order for blue-collar workers to have the same rights as white-collar workers, and the party wanted to introduce a citizenship pension that would also include civil servants and the self-employed. The preliminary outcome of government negotiations on social policy was the 1947 transition legislation that established several insurance carriers for different occupational groups...
and re-established corporatist self-administration. In subsequent years, social
insurance benefits were gradually raised, as the economic situation improved, and
important steps were taken towards harmonization between blue- and white-collar
workers (Huber and Stephens 2001: 157).

The next important step in the development of the welfare state was legislation
that harmonized several rules regarding sickness, disability and pension insurance in
1955. The unification was the outcome of intense negotiations inside the government
set on the agenda by the SPÖ in general and the SPÖ social minister in particular. The
latter is also a key example of the close ties between the ÖGB and the SPÖ, since the
minister simultaneously was the ÖGB vice-chairman and chairman of the SPÖ’s trade
union faction. The insurance carriers were left unchanged, but rights and benefits of
blue- and white-collar workers were largely unified. Pensions were adjusted to past
earnings instead of contributions (ibid: 158). Subsequent reforms moved the insurance
system toward greater inclusiveness, particularly among the self-employed – as
demanded by their representatives in the ÖVP (Stockinger 1995: 385). Moreover,
reforms established greater equalization amongst insurance funds and greater
generosity. An important step concerned the introduction in 1965 of an annual
adjustment of pensions and other forms of social insurance to wage developments

In short, the ÖVP and SPÖ behaved in line with the ideal types and the
Austrian welfare state came to reflect their preferences. According to Obinger, the
drive to greater inclusiveness was largely a result of party competition between two
major welfare state parties. Increased benefits for blue-collar workers (a key social
democratic constituency) were accompanied by increased entitlements for the ÖVP
clientele, like farmers or civil servants (Obinger 2005: 205).

There were no really major departures from my ideal types during the periods
of rule by the ÖVP alone (1966-70) and the SPÖ alone (1970-83). For instance,
Christian democratic representatives of agrarians managed to integrate farmers in the
social insurance system in 1969 (Stockinger 1995: 185). Moreover, we shall see
below that the ÖVP government introduced and expanded regulations supporting
families. Hence, it fully confirmed to the male breadwinner model.
Between 1970 and 1983, the SPÖ opted for a further expansion of the welfare state, together with investments in public industry and social services for women. When economic and budgetary challenges increased by the mid-1970s, the fight against unemployment became the government’s central goal. This was popularized in chancellor Kreisky’s claim that he ‘would rather have a few billions of debts than a few thousand additional unemployed’ (in Müller 1995: 360). In pensions, the SPÖ improved benefits for lower income groups, and introduced early retirement schemes and additional qualifying periods, that is, periods of unemployment, sickness, motherhood, study and military service (Tálos 1988: 256-7).

From 1983 until 1996, power resource theory sheds quite some light on pension reform in Austria. Between 1983 and 1986, the SPÖ formed a government with the FPÖ (right-wing populists) and pension reforms remained limited to a few small cuts (Schulze and Schludi 2007). In order to strengthen the financial base of social insurance, contributions were raised (Huber and Stephens 2001: 275). Moreover, cuts and higher contributions were combined with an expansion of active labor market policies and an improvement in unemployment benefits (Tálos 1995). The latter made unemployment benefits a more attractive early retirement option. After 1986, the SPÖ-ÖVP government basically continued the policy course of small cuts combined with some expansions of early pensions and active labor market policies. There were even some new programs introduced like early retirement for those with a reduced working ability and pension credits for periods of child care.

More extensive cuts were proposed by 1995. Though these retrenchments failed, quite a number of cutbacks was implemented in 1996 and 1997. Whereas analysts agree that retrenchment went somewhat beyond previous reforms, it was once again complemented with expansion (Obinger 2002; Schludi 2005). For instance, early retirement benefits would decline by 2 percent a year up to a maximum of 10 percent from 2000 on. At the same time, the qualifying period for a full pension was actually made more generous as it shrunk from 45 to 40 years. Furthermore, the reform packages of 1996 and 1997 were the first that limited benefits for relatively advantaged occupational groups in general and civil servants in particular. But expansions such as a shorter qualifying period also applied to civil servants, thereby reducing the impact of the cuts. All in all, country specialists conclude that the impact
of the reform efforts of the SPÖ-ÖVP governments was limited, especially until 1996, with very modest changes that did not fundamentally alter the overall structure of the public pension system (Obinger and Tálos 2006; Schulze and Schludi 2007).

However, once the ÖVP joined forces with the FPÖ in January 2000, scholars identify a fundamental overhaul of the Austrian pension system (ibid). The new coalition clearly had a much stronger orientation towards market-liberalism. On the one hand, private pension schemes were introduced and promoted via tax advantages. On the other, the government created a uniform pension system which passed through ‘the most severe pension retrenchment in Austrian history’ to the entire population (Obinger 2005: 217). For example, old age benefits were adjusted in line with developments in life-expectancy and early pensions were fully abolished. Moreover, the decision to calculate pensions based on a full employment record rather than the 15 years of highest earnings was equivalent to a benefit cut of up to 30 percent (ibid: 218). Simultaneously, investments in active labor market policies were scaled back. Yet, there were also some expansions of child-credits and benefits for manual workers and lower-income groups.

5.1.2 Family Politics since the Golden Age

In the early post-World War II period, women’s labor force participation was comparatively high in Austria. Afterwards, it increased very slowly and was among the lowest in Europe in the 1970s. The explanation for the initially high levels partly lies in the size of the agricultural sector. By 1951, 44 percent of all employed women still worked in agriculture, a proportion that was to decline by half in 1971 (Huber and Stephens 2001: 158-9). Throughout this period, farmers were particularly loyal to the Catholic church and the ÖVP (Müller and Ulram 1995: 149-51). Under ‘conservative hegemony’ (until the late 1960s), family policy fully conformed to the male breadwinner model (Wintersberger 2006: 212; cf. Rosenberger 1997: 692). This is in agreement with the ideal-typical expectation that Christian democrats support the traditional family. Within the ÖVP, Catholics set the agenda in family policy (Schausberger 1995; Weiler 1995). Between 1945 and 1952, for instance, a strict Catholic ÖVP education minister was responsible for a lack of expansion in child care, despite opposition from both the SPÖ and social-liberal politicians within his own party (Schausberger 1995: 232).
In 1948, the ÖVP-SPÖ government introduced family allowances on a provisional basis. By 1955, a constitutional amendment finally assigned legislative power in matters of family support to the federal government. In the same year, family allowances were restructured and extended to the self-employed. Afterwards, the government agreed upon new programs like family allowances, maternity leave and long-term care allowances (Obinger 2005: 202). Once the coalition parties negotiated maternity leave in 1961, they clearly had different priorities. The ÖVP preferred a ‘maternity holiday’ to represent the interests of the child, while the SPÖ insisted on dismissal protection for mothers (Rosenberger 1997: 696).

As the ÖVP governed alone (1966-70), it was the first to assign a female (social) minister. Amongst other things, she was responsible for incorporating all previous regulations on support for families into new legislation, including a universal birth allowance and a universal allowance for children. However, the minister, inspired by the Catholic social doctrine, had rather conservative views on work and family life. Hence, she was not critical about the dominant line of patriarchal thinking within her own party. By contrast, she argued that women should retreat from employment and return to the family (Steiningenger 1995: 480-3). As such, it is no surprise that the ÖVP government did not modify the male breadwinner model (Huber and Stephens 2001: 158-9).

At the policy level, a new period arrived once the SPÖ came to govern alone between 1969 and 1983. By the late 1960s, an autonomous women’s movement had emerged. Simultaneously, feminist tendencies in the SPÖ’s women’s organization had asserted themselves (Etzersdorfer 1995: 248; Huber and Stephens 2001: 159). The 1970s then were a decade of emerging challenges to the traditional gender model. In line with the ideal types, the social democratic government passed legislation that embraced equality of opportunity for individual family members (Rosenberger 1997: 692; Wintersberger 2006: 212). In 1973, the SPÖ introduced individual taxation. A year later, social democrats extended paid maternity leave to six weeks and enabled additional leave with a flat-rate benefit rather than a means-tested benefit. During the same year, abortion laws were liberalized. In 1975, new legislation changed authority relations in the family towards an individual arrangement. In 1979, the office of under-minister for women’s affairs was created and a law on equal treatment in wage setting was passed (Huber and Stephens 2001: 159; Rosenberger 2006: 747).
Nonetheless, support for equal rights could not be taken for granted. Though the most vehement resistance came from the ÖVP and ÖVP-affiliated family associations, female SPÖ politicians and ÖGB women’s groups also faced opposition from within their own ranks. However, SPÖ women could convincingly argue that their party needed the support and, in particular, the votes from women’s movements in order to remain the dominant party (Rosenberger 2006: 747).

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A further move in the direction of equal rights went slowly as the social democrats were in a coalition with the Christian democrats from 1986 to 1999. In fact, the SPÖ had to strike compromises to accommodate the ÖVP’s commitment to the male breadwinner ideal. This is clearly visible in the government’s three major efforts to address family policy, that is, the “family packages” of 1989, 1992 and 1999. These were packages precisely because they contained reforms each of which in isolation would have been unacceptable to one or another of the government parties (Huber and Stephens 2001: 275). Amongst other things, the SPÖ managed to introduce parental leave for working parents in 1989 (Stranzinger 1995: 151). Yet, parental leave for employed parents clearly went against the ÖVP’s demands to establish arrangements for all parents, including those without a work history (ÖVP 1986: 2; Schattovits 1991: 402-3). All in all, an expansion of transfers was the lowest common denominator in family policy during the reign of the grand coalition, but even here orientations diverged as the SPÖ focused on lower income groups while the ÖVP supported families in general (Obinger and Tálos 2006: 159).

By contrast, the ÖVP and the FPÖ understood one another well in the sphere of family policy. Both saw the traditional family as their central focus in family policy. Accordingly, the moment the two parties joined forces in government in 2000 implied a strong move towards the male breadwinner ideal. In family policy, the central action was the introduction of a more generous and universal parental leave scheme, that is, independent of labor market participation. Furthermore, measures involved expansions in transfers for large families and the introduction of both child benefits and tax advantages for families with a single earner. With respect to the latter two, the other partner was allowed to earn € 6,000 per year. However, if this is exceeded, a family no longer is entitled. Hence, the measures supported a specific
family model of a male wage earner and a female partner who is employed for not more than a week per month (Angelo et al 2006: 63-4; Obinger and Tálos 2006: 176).

5.2 Germany

5.2.1 Pension Politics since the Golden Age

Like its counterpart in Austria, the German welfare state was shaped by both Christian democratic and social democratic orientations, and power bases. Party competition between the Social Democratic Party (SPD) and the Christian Democratic Union/Christian Social Union (CDU/CSU) as well as the efforts of the German Union Confederation (DGB), the German White Collar Employee’s Union (DAG), the main employer association (BDA) and private service providers to shape social policy in such a way as to promote and defend the interests of their members. Existing policy legacies were relevant to the extent that certain groups, especially civil servants and white collar employees, were used to having their separate privileged schemes and demanded no less from postwar social security. However, if the DGB had been stronger and the SPD would have won the 1949 elections, social security would have been reformed and given a much more universalistic and solidaristic character.

After the CDU/CSU had defeated the SPD in the 1949 elections, the German welfare state came to reflect the political predominance of the CDU/CSU, in coalition with the Liberal Party (FDP) and a small conservative party, in its critical formative years, but also the consistent pressures from the SPD and the trade unions, and the presence of an employees’ faction in the CDU (the CDA). The CDA proved to be a crucial electoral asset for the CDU and, in addition to divisions between the DGB and the DAG, contributed to the failure of labor and the left to muster their political strength.

The new welfare state then came to be squarely based on pre-Nazi structures, with different insurance schemes for different occupational categories, and administration by trade unionists and employer representatives. From this moment on until the early 1970s, efforts at major pension reform from the DGB and the SPD aimed at the unification of different occupational schemes, especially equalization of

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8 Unless indicated otherwise, this section draws on an excellent historical overview by Huber and Stephens (2001: 146-56).
benefits for blue- and white-collar workers, redistribution through including high-income earners in the compulsory programs, a flat-rate pension, and benefit improvements. These efforts were defeated time and again due to the minority political position of the SPD and the resistance from groups with vested interests. However, the efforts did stimulate the CDU/CSU to respond with their own reform plans to improve pension benefits and gradually equalize pension benefits for blue- and white-collar workers. Indeed, there was a strong pro-labor, pro-welfare state faction within the CDU, but the development of a CDU/CSU plan for significant reform of social security was blocked by internal disagreements. After a considerable fight, the candidate of the labor faction - who was labeled a ‘hidden socialist’ by his internal opponents - won the appointment as minister of labor and social affairs (Szmula 2001: 685). Nevertheless, his deputy and other key officials were opponents of significant reform. Furthermore, the ministry also remained understaffed until 1954-55, so that a serious major reform proposal did not get under way until then. Finally, the Christian democratic finance minister opposed most reform proposals due to their assumed negative impact on the economy.

Until the big pension reform of 1957, the SPD and the labor minister proposed pension increases which, apart from 1951 and 1954, were rejected by the finance minister. Only when the SPD presented its own proposals for pension increases was the legislation proposed by the labor minister accepted. By 1955, Adenauer, who was both chancellor and the CDU’s party leader, felt compelled to get personally involved in social security reform. Moreover, action had been forced by an SPD parliamentary initiative that demanded extra pension payments until a reform was passed. This and the demands by Adenauer enabled the labor ministry and the CDA to successfully push for pension reform. By the beginning of 1956, Adenauer endorsed pension reforms that guaranteed to maintain status differences reached during the working years, and his opinion had great influence on opinion formation within the government parties. A few months later, the SPD, taking up demands by the DGB, presented a major proposal for pension reform. This triggered a response from the labor ministry.

In the political maneuvering over pension reform the labor minister and the left wing of the CDU/CSU sought compromises with the SPD. On its part, the SPD

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9 For an extensive historical account of the 1957 pension reform, see the fascinating study by Hockerts (1980).
wanted to prevent the reform from being blocked within the government and wanted to prove that the party was responsible and capable to govern. Hence, the SPD dropped its demand for a basic flat-rate pension, and instead asked for a minimum pension. According to Nullmeier and Rüb, the final legislation was a compromise between the CDA, the labor ministry and the SPD that received support from the chancellor. The reform brought a major increase in the real value of pensions, a transition from the funded to a pay-as-you system, separate legislation for blue- and white-collar workers but with similar provisions, a high but fixed income that excluded less than 4 percent of the workforce, and annual but not automatic adjustment to wage developments. This was the maximum that the by then dominant group within the CDU, the CDA, could push for against the demands of the CDU’s employer wing and the FDP. In the end, both CDU/CSU and SPD again unanimously supported the legislation, despite preceding battles between the two parties and within the CDU.

It is important to note here that a context of economic growth and full (to a large degree industrial) employment strengthened the position of the CDA within the CDU. Furthermore, the heyday of the patriarchal family with more than two children supported Adenauer’s conviction that ‘people will always have children’. As such, the Chancellor deemed it unnecessary to promote funding and elements of family policy within the pension system (Nullmeier and Rüb 1993: 347, 403-9).

As to other domains of social policy, the year 1957 also witnessed a major increase in sickness benefits for blue-collar workers. This was triggered by a major regional strike of the DGB. After the reforms of 1957 there was a long period of only gradual increases in social policy. Especially the area of social services remained underdeveloped. The next big wave of reforms came under the 1966-69 Grand Coalition and the 1969-82 SPD-FDP governments. Most of the reforms under the Grand Coalition were triggered by conjunctural economic difficulties. This is particularly true for the abolition of income ceilings for pensions and unemployment benefits as well as the unification of pension schemes for blue- and white-collar workers to balance their financial reserves. Nonetheless, the effect of these measures was to weaken the privileged position of white-collar employees in social security, an aim not only continuously pursued by the DGB and the SPD but also supported by the CDA. The economic challenges and the consequent need for union co-operation in corporatist action also strengthened the position of the SPD within the Grand
Coalition in pushing through active labor market policies in the field of unemployment insurance.

The SPD-FDP government formed in 1969 presented significant reform proposals for social policy. Nassmacher argues that the FDP left this domain by and large to the SPD, in part because its own constituencies benefited from the expansion of social security, and in part because the FDP could prevent a greater role of public agencies in administrating pensions. The 1972 pension reform is a case in point. This reform introduced voluntary coverage for the self-employed as well as voluntary coverage for housewives. Furthermore, the SPD’s long standing demands for greater redistribution were met by the introduction of a minimum pension, albeit only for people with a contribution record of at least 25 years. The most important part of the 1972 pension reform in the long run turned out to be the introduction of early retirement at age 63. The background of the SPD labor minister as a trade union representative of a group of workers threatened by de-industrialization, helps to explain why he was a fierce advocate of the scheme. The minister benefited from the fact that the CDU supported the introduction of the scheme and the 1972 reform in general (Nassmacher 2001: 107). This was not only due to the support of the CDA but also due to the timing of the popular reform, i.e. just before the federal elections of 1972. Instead, the business wing of the CDU, the BDA and the FDP had already been rather skeptical about early retirement by then (Nullmeier and Rüb 1993: 332). Under conditions of rising unemployment it came to be increasingly used as a tool to shed off older workers, as will be discussed in the next chapter. Suffices it to note here that several social benefits were improved during the early 1970s, such as health insurance benefits and leave rights for working parents. Thus, in line with the ideal types, the German welfare state was on its way to having more social democratic elements grafted onto the Christian democratic-corporatist structure. However, before reforms could go further, economic challenges of the mid-1970s intervened and put the issue of budget consolidation in the center of debates within the SPD.

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A certain reorientation of the SPD’s approach to social policy started after the party’s former finance minister, Helmut Schmid, became chancellor. Budget consolidation had now become a more central goal. The first signs of unsustainable pension costs
could already be seen by then. Already in 1975, for instance, pension expenditures exceeded revenues. Future financing difficulties had been severely underestimated by the former labor minister but the economic recession certainly acted as a catalyst. During government negotiations with the FDP, representatives of the SPD promised that their party’s election pledge to continue increasing pensions was to be replaced by a freeze of 6 months and a calculation formula switching from gross wages to net wages. This led the former SPD labor minister to refrain from another term (Nassmacher 2001: 106). He was succeeded by a colleague within his party and the DGB who was willing to implement the unpopular ‘election lie’ against his own left-Keynesian convictions (Rudzio and Reyelt 2001: 218-9). In addition, some health insurance benefits were reduced and controls on recipients of unemployment benefits were tightened (Huber and Stephens 2001: 265).

Yet, many scholars have argued that the core of the welfare state remained untouched until the mid-1990s (e.g. Zohlnhöfer 2001a). In fact, the pension scheme was portrayed as the typical example of a very moderate change in policy direction (Schmid 1998; Schmidt 1998). Like the preceding SPD-FDP government in its final years, the Christian-liberal coalition also pursued various retrenchments during the first few years in office, but of a somewhat greater magnitude. In general, pensions were less affected than unemployment benefits (Huber and Stephens 2001: 266; Clasen 2005: 195-210). Moreover, the government made it possible to retire at age 58 in 1984. From the mid-1980s on, the government turned towards expansion and structural reforms (Aust et al. 2002: 4). As to expansion, two key examples concern the promotion of status maintenance of male breadwinners and female housewives by improving entitlements for elderly male unemployed in a variety of ways and by increasing family transfers, including the introduction of pension credits for all mothers (Clasen 2005: 195-210). To turn to structural reforms, the two most notable examples are the 1988 healthcare reform and the ‘1992 pension reform’ adopted in 1989 (Aust et al. 2002: 4). Both were aimed at safeguarding existing systems rather than radical change (Schmid 1998: 97). As such, they were accompanied by minor cuts and some expansions. Furthermore, during the early 1990s, the Christian-liberal government extended social insurance to all citizens of the former Eastern Germany. Just as in the 1980s, the coalition parties also invested in active labor market policies to fight unemployment.
Since the mid-1990s, the government changed course and implemented several cutbacks. Most notably, early retirement ages for workers receiving unemployment benefits were raised, disability pensions retrenched and a so-called demographic factor was added to the pension formula. The latter reduced the replacement of a standard pension from 70 percent to 64 percent. Yet, the Christian-liberal coalition continued to invest in active labor market policies and further expanded child credits (Ney 2001). Moreover, by late 1998 the SPD had formed a cabinet with the Greens and rapidly retracted several welfare cuts that had been implemented by the previous government. These included the demographic factor, retrenchments of disability pensions, the cut in sick pay and the liberalization of dismissal law.

From 1999 to 2005, however, the SPD-green government suddenly opted for a more market-liberal pension reform agenda than their Christian-liberal predecessor. In 1999, for instance, the government switched to consumer price indexation. This actually exceeded the impact of the retracted demographic factor (Schludi 2005: 147). Likewise, the 2001 reform package entailed more severe cuts than under the previous government (Aust et al 2002: 12). At least as importantly, the red-green coalition also moved away from my social democratic ideal type towards the liberal one by creating a means-tested basic pension and an additional private pension in 2001. The latter was promoted by tax incentives which were further stimulated during the government’s second term. What is more, the government implemented more extensive welfare cuts in 2003 and 2004 than the Christian-liberal coalition had done in 16 years time (Trampusch 2005: 18). Amongst other things, the eligibility age for elderly unemployed was raised from 60 to 63. Furthermore, the maximum period for receipt of unemployment benefits for workers aged 55 or older was reduced from 32 to 18 months. Moreover, the SPD-Green coalition re-introduced a demographic component in pension indexation. This was more effective than the one that had been retracted by the same government in 1999. In fact, it was expected to decrease the standard replacement rate by 17 percent between 2005 and 2030 (Hinrichs 2005: 19). Nonetheless, there are also some exceptions to the rule of market-liberalism. Notably, the government invested in active labor market policies for the elderly and pension credits for parents working part-time.


5.2.2 Family Politics since the Golden Age

In a comparative perspective, women’s labor force participation was relatively high with 35 percent in 1950. The United States, for instance, had a figure of 29 percent by then. The German figure was largely a result of the reconstruction effort, but from there it increased very slowly to 51 percent in 1980, compared to 60 percent in the United States (Huber and Stephens 2001: 136-7, 152). Particularly Catholics and Protestants that go to church have been loyal to the CDU-CSU over time. In 1953, for instance, 40 percent of those voting CDU-CSU were Catholics that went to church, while 26 percent of its voters were Protestants attending church services (Kornelius and Roth 2007: 54).

After the CDU/CSU had defeated the SPD in the 1949 elections, German family policy came to reflect the political predominance of the CDU-CSU, in coalition with the Liberal Party (FDP) and a small conservative party, but also the consistent pressures from Christian family associations, and the presence of an employees’ faction in the CDU (the CDA). As will be shown below, this policy put great emphasis on the male breadwinner model and women’s responsibility to care at home, and it allowed massive discrimination against women in the labor market (ibid: 153). This is in agreement with the ideal-typical expectation that Christian democrats support the traditional family.

The first measure in the field of family policy – a tax allowance for each child - had been implemented by the Christian democratic minister of labor with the support of the CDA. By then, the establishment of a ministry of family affairs had proven impossible due to vehement opposition by both a coalition partner, the FDP, and the main opposition party, the SPD. Apart from the political sensitivity of population policy just after the Nazi-period, the FDP and the SPD feared that Christian democrats would promote their patriarchal family ideal. However, demands from Christian family associations led chancellor Adenauer to install a family ministry in 1953. The minister, a strict Catholic, obtained a ministry with few resources. Nevertheless, he managed to shape German family policy substantially in its critical formative years.

The minister was a strong supporter of families with many children. In line with his conservative family ideal, he perceived female labor market participation as an act of irresponsibility which could only be explained, but not justified, by women’s
preference to consume. Accordingly, the minister introduced tax advantages for non-working women and child benefits to refrain women from participating in the labor market (Gerlach 2001a; Gerlach 2004: 151-7). The latter were continuously increased by the minister and his two Catholic CDU successors. Furthermore, the minister, his successors and the CDU-CSU in general vehemently opposed to expand child care due to the danger of eroding the traditional family (Gerlach 2004: 151-9).

As to the SPD, some highlight that the party continuously remained very skeptical about patriarchal family policy (Gerlach 2001b: 698) and that it formally included the goal of gender equality in its 1959 program of principles (Bothfeld 2005: 164). Nonetheless, most representatives of the trade unions and the SPD took the view that women should only work in case of economic necessity (Huber and Stephens 2001: 153; Bothfeld 2005: 164). The position of the SPD has to be understood in the context of the Cold War, as an effort to distinguish itself from East German communism that promoted the integration of women into the labor market. It was only in the late 1960s that a new independent feminist movement emerged that pushed for women’s equality. Simultaneously, an increasing number of women in the SPD with clearly feminist positions advocated fiercely for gender equality (Huber and Stephens 2001: 153). In 1972, this resulted in the foundation of the women’s organization.

At the policy level, a new period arrived once the SPD came to power and formed a government with the FDP between 1969 and 1982. Instead of supporting the family as an institution, the government now opted for equality of opportunity for individual family members (Gerlach 2004: 160). For instance, the social-liberal coalition abolished the child tax allowance, which had primarily benefited upper income parents. At the same time, the government introduced a child allowance for the first child, and substantially increased this allowance and the allowances for additional children (Bleses and Seeleib-Kaiser 2004: 79). Furthermore, for the first time in the postwar period, public child care was expanded from the early 1970s on (Bothfeld 2005: 175; Leitner 2007: 317). Finally, in 1979 paid maternity leave was introduced for working mothers, for a period of six months. The law passed against the demand of the CDU-CSU to provide maternity leave for all mothers (Bleses and Rose 1998: 248-57). The underlying normative justification of this resistance by most Christian democratic politicians is best illustrated by the following quote of a CDU member of the Bundestag, ‘Do you (the SPD: author’s
information) seriously believe that there is someone who can replace the mother? The best person to do this (raise children: author’s information) surely is the women who gave birth to the child… Love… should be provided at least six to eight hours per day. But how can a working mother, who returns to work after six months, have this time for her child? ’ (ibid: 251).

Apart from this famialistic discourse, another factor slowing down the rise of the feminist movement outside and inside the SPD was that it was succeeded very soon by the onset of economic difficulties and rising unemployment. Hence, the male breadwinner model continued to dominate family policy. Furthermore, already in the early 1970s and increasingly so since the mid-1970s, key persons within the SPD hindered attempts by SPD family ministers to introduce and expand policies supporting working mothers. Most notably, there was a lack of interest from the labor minister and the chancellor (Gerlach 2004: 161-6).

Family Politics after the Golden Age

As in 1969 with the formation of the SPD-FDP government, the return to office of the CDU-CSU in a coalition with the FDP in 1982 also meant a policy change. In line with power resource theory, the traditional family would again be promoted. One notable example is the replacement of paid maternity leave for working mothers by paid maternity leave for all mothers in 1985 (Gerlach 2001c: 265). The benefit was low and flat-rate. After six months, it became income tested. It could be combined with part-time work of maximum nineteen hours per week, but job protection for those returning from leave was not guaranteed. This benefit structure was clearly most favorable for one-breadwinner families, and secondarily for families with a second low supplementary income. Moreover, it was clearly biased against the main breadwinner taking any leave. In fact, almost 99 percent of the recipients were women. A second example concerns the introduction of pension credits for all mothers in 1986. In fact, the combination of the two reforms was double-edged: people who combined the parental leave allowance with part-time work lost the pension credits. This famialistic course was continued until the late 1990s (Huber and Stephens 2001: 268; Aust 2003: 37). However, in contrast to our ideal types, the
Christian-Liberal government established a right to child care for each child between three and six in 1992.

Yet, in line with these ideal types, the formation of a government led by the SPD in 1998, with the Greens as a junior partner, meant a policy change in the direction of equal opportunities for individual family members. The government expanded family policy along three dimensions: first, raising the child allowance and child tax advantages; second, strengthening pension credits for working parents to devote six months to child-rearing; and third, improving parental leave and the parental leave benefit for employed parents (Bleses and Seeleib-Kaiser 2004: 845). During the government’s second term, from October 2002 to February 2005, expansion again went in the direction of equal opportunities. Most notably, the government set aside federal subsidies amounting to € 1.5 billion annually (from 2005) for the federal states to expand all-day child care facilities for children under the age of three. Furthermore, another € 4 billion was set aside for helping states and municipalities to convert traditional half-day to full-day schools between 2003 and 2007 (Clasen 2005: 163).

In late 2005, the CDU-CSU formed a coalition with the SPD. This has been a remarkable period that runs counter to the ideal types as Christian democrats, like social democrats, implemented policies that supported working mothers. So far, one of the most notable reforms concerns the 2006 decision to make parental leave more generous for working parents. The new scheme entitles a working parent to 67 percent of his or her income when caring for a child in the first year after birth. The maximum payment is € 1,800 per month. The reform also introduces two so-called ‘daddy months’ with the same replacement rate to enable the other working parent to care for a child during the subsequent two months. Most notably, the Christian-social democratic government has built on and exceeded the red-green coalition’s approach to the provision of child care by proposing an even more rapid and radical expansion. In 2006, existing legislation was supplemented with new, more generous tax deductions for parents who utilize child care facilities (Gerlach 2007: Weishaupt 2008).
5.3 The Netherlands

5.3.1 Pension Politics since the Golden Age

Like in Austria and Germany, the development of the Dutch welfare state was crucially shaped by Christian democratic and social democratic preferences as well as power bases. Underlying the political power distribution was a ‘pillarized’ society. Pillarization refers to a system of institutionalized segmentation based on ideological grounds (Van Kersbergen and Becker 1988: 480). In the Netherlands the four pillar groups were Catholic, Protestant, socialist and liberal (Cox 1993: 60). Throughout the first seven decades of the last century, the pivotal Catholic People’s Party (KVP) and the two main Protestant parties, the Orthodox reformed Anti Revolutionary Party (ARP) and the Dutch reformed Christian Historical Union (CHU), had a clear political majority. Union density was comparable to that in Germany, but the unions were much more politically divided, with a larger representation of Catholic and Protestant unions. Accordingly, the welfare state developed a typically Christian democratic shape. Nonetheless, due to the inclusion of the PvdA (social democrats) in coalition cabinets and then again in the 1970s, this time as the leading coalition party, it managed to introduce some universal features and to reinforce the pro-labor wing of confessional parties and thus push for generous benefits (Huber and Stephens 2001: 162).

In the years preceding World War II, the three main confessional parties opted for a highly restricted role of the state in social policy. Though the unions were weak and politically divided, the denominational parties recognized them as legitimate representatives of workers and integrated them into tripartite advisory agencies. Welfare programs were limited to low-income wage earners, sickness and disability. These were administered by corporatist bodies. Social assistance depended on the charity of confessional organizations (ibid: 162-3).

Between 1946 and 1958, Roman-Red coalitions were in office. The cement of the government was the Catholic labor wing, and the exclusion of anti-interventionist orthodox Protestants and free-market liberals. Yet, the KVP could always look for support from the confessional parties (Van Kersbergen 1995: 90). In 1952, for instance, Catholics sought the support of other confessional parties in pushing through legislation that firmly anchored the principle of corporatist administration of social
security schemes. This had been facilitated by the successful attempt of Catholic politicians to remove social services from the PvdA controlled social ministry to a new department of social work. Furthermore, they continuously stressed paid employment as the basis for entitlement to social security (Van Kersbergen 1995: 90-3; Huber and Stephens 2001: 163).

Still, the Catholic labor wing and the PvdA successfully joined forces in engineering pioneering social security schemes. The first was the passing of the Emergency Act for Old Age Pensions in 1946. For the first time, flat-rate benefits would be available for persons over 65. This act was hugely popular, which strengthened the hands of the PvdA social minister and the leader of the Catholic labor movement (also KVP parliamentary leader) in establishing a permanent pension scheme. Both had helped draft a universal pension scheme in 1945 (Cox 1993: 103-104). Yet, conservative confessional groups opposed the centralized bureaucratic structure created for the emergency pensions and wanted to return to corporatist administration. Disagreement about administration resulted in a ten-year policy stalemate. By 1956, the PvdA social minister settled for a compromise of flat-rate indexed minimum benefits and occupational pensions (Anderson 2007: 725).

From 1958 to 1973, the KVP formed governments with the ARP and CHU, with the exception of the periods 1958-59 and 1965-66, the VVD. This phase marked a phase of major growth in social transfers. A notable example concerns the 1967 revision of the disability program which, amongst other things, ensured that workers injured on and of the job would be entitled to generous provisions. In addition, a statutory minimum wage was introduced in 1968, and linked to social security benefits. This can be better understood if we note that he KVP obtained the social ministry and, with the exception of the period 1965-66, the department of social work. These Catholic ministers had strong ties with the Catholic unions and good relations with the social democratic unions. Though they had more pro-welfare orientations than other cabinet members, union support enabled them to retain their posts (Cox 1993: 147-58).

Crucial for the strength of the social (work) ministers was a context of high economic growth and increased competition with leftist parties due to depillarization and secularization. Confessional politics did not escape the effects of depillarization and secularization, mainly exemplified by merger talks between Catholic and social democratic unions in the late 1960s, and by leftist politicians becoming dominant over
orthodox fellow partisans in one of the Protestant parties, the ARP. Accordingly, the Catholic labor wing’s social policy demands were taken even more seriously within the KVP in order not to lose this wing and the votes of Catholic workers altogether (Cox 1993: ch. 5; Van Kersbergen 1995: 133; Lynch 2005: ch. 4).

The dynamics within the KVP and the ARP also facilitated co-operation with the PvdA in government from 1973 to 1977. The PvdA-led coalition implemented further expansions of transfers and, as will be discussed below, was the first government to promote child care. In 1974, the ARP social minister, a trade unionist, unilaterally set the minimum wage, and all social security benefits linked to it, at 80 percent. Two years later, he pushed through legislation that extended flat-rate benefits to all the disabled, irrespective of the cause of disability (Cox 1993: 158-65; Van Kersbergen 1995: 132-4). With rising unemployment from the late 1970s on, this scheme came to be widely used as an early pension, leading to a drastic escalation of beneficiaries and costs.

**Pension Politics after the Golden Age**

By 1975, a federation of the KVP, ARP and CHU had been founded with a common electoral programme and a shared list of candidates for the 1977 election. In 1980, the process formally culminated in the establishment of the Christian Democratic Appeal (CDA). Yet, the CDA was already able to form a government with the VVD (liberals) in 1977. Despite the fact that the Dutch economy was particularly hurt in the wake of the two oil shocks, welfare reform was off the agenda until the CDA again joined forces with the VVD in 1982.

More so than in Austria and Germany, Christian democrats then embarked upon a series of cutbacks (Alber 1998b). The minimum wage and all social security benefits linked to it, including the basic pension, were frozen in 1982 and remained frozen until 1989. By 1983, disability and unemployment benefits were cut by 2.4 percent. The next year this was repeated in combination with a reduction in the replacement rate of both programs from 80 percent to 70 percent. In addition, the length of the benefit period for disability and unemployment was reduced, which implied that beneficiaries had to shift to social assistance where benefits were lower. Furthermore, the level of disability benefits was linked to the extent of disability, which was particularly unfavourable for older and less efficient workers since they
often received full benefits under previous rules. The result of all these cutbacks was that the gap between average wages and average social security benefits rose by 12 percent between 1983 and 1989. Apart from the impact of the cuts, the Netherlands also moved somewhat further in a market-liberal direction than Austria and Germany because occupational pensions and some means-tested transfers were expanded. Yet, like Austria and Germany, options for elderly unemployed to retire early were improved in the mid-1980s (Huber and Stephens 2001: 280-1; Green-Pedersen 2002; Van Gerven 2008).

After the CDA joined a coalition with the PvdA in 1989, the austerity course in social policy continued. Notably, the government embarked on a very serious reform of the sickness and disability schemes. Amongst other things, it tightened eligibility criteria, lowered benefits and shortened the period of full benefits. Accordingly, the share of claimants with full disability benefits shrunk from 72 to 41 percent between 1991 and 1994 while the share of claimants with an insufficient disability degree rose from 14 to 40 percent. Further, the minimum wage and all social security benefits linked to it were frozen in 1993 and 1994, and minimum pensions were made more subject to income testing. Accordingly, the gap between the average income of active and inactive people continued to grow – it increased by some 7 percent between 1989 and 1994. In contrast to public benefits, the sphere of occupational and private pensions was again marked by expansions (Huber and Stephens 2001: 282-3; Van Gerven 2008: 178).

As the PvdA had become the biggest party in the 1994 elections, it formed a so-called “purple coalition” with the VVD and D66 (social-liberals). At first, the purple coalition did not really slow down welfare reform efforts (Visser and Hemerijck 1997: 146). As such, the change in government again did not imply much change in social policy (Green-Pedersen 2002: 106). For example, eligibility to unemployment benefits was tightened. Furthermore, the privatization of sickness and disability benefits was continued. In addition, the basic pension supplement for spouses/partners younger than 65 was abolished. Moreover, the minimum wage was frozen in 1995. Following the series of cuts, which had been spread rather evenly across governments since 1982, the basic pension was 22 percent less in 1998 than it would be under pre-1982 legislation (Alber 1998b: 24). In fact, the most notable departure from previous governments concerned the purple coalition’s investments in active labor market policies. This was continued during the second term of the purple
coalition, that is, from 1998 to 2002. Furthermore, the government expanded private and occupational pensions. However, retrenchment was off the agenda by then.

It would not be away for long. Between 2002 and 2006, the CDA led three center-right cabinets. Though the first and the third terms were too short-lived to attempt serious welfare reform efforts, the second term (with the VVD and D66 as coalition parties) was marked by severe cutbacks. Most notably, tax benefits for early retirement schemes were abolished and replaced by a fiscally advantageous private saving scheme for periods of leave. In addition, disability benefits were cut and elderly unemployed were now obliged to look for a job. Furthermore, the minimum wage was frozen in 2004 and 2005. Whereas all these measures fit the liberal ideal type, the exception to the rule concerns an active labor market policy focusing on subsidies to employers and work reintegration.

5.3.2 Family Politics since the Golden Age

As in Germany and Austria, the Dutch welfare state was built on an reinforced the male breadwinner ideal. This had considerable impact on women’s labor market rates. Up to 1980 these rates were the lowest among our cases. Particularly Catholics and Protestants that go to church have been loyal to the three main confessional parties – the KVP, ARP and CHU - over time. By 1956, 52 percent of the electorate was made up of practising Catholics and Protestants (Van Wijnen 1998: 56). In this favorable electoral context, the major confessional parties ensured that social benefits would center on a family minimum. At the cabinet level, we have seen above that Catholic politicians removed social services from the PvdA controlled social ministry to a new department of social work in 1952. This became the embodiment of Catholic power to the extent that it reinforced the traditional patriarchal structure of Dutch society (Van Kersbergen 1995: 90-93). Indeed, one of its official assignments was to ‘protect… the family unit(y) as a shaping force of society’ (Gastelaars 1985).

As a result, child care outside home remained to be mainly provided by confessional institutions. In the decades immediately following the second World War, spending on family allowances in the Netherlands was quite low and granted to third and subsequent children only. However, under the Roman-Red coalitions allowances were introduced for employees and self-employed from the first child
onwards. Although confessional parties and unions favored a universal family wage for family heads as outlined in the papal encyclical Rerum Novarum, the PvdA and the socialist unions successfully opposed the introduction of universal benefits as it would undermine the workers’ wage struggle. In fact, most social democrats argued that wages should not be determined by the household structure and the number of children. This could cause jealousy between workers and, consequently, weaken the working class movement. Yet, in the early 1960s Catholic legislators provided the impetus in ensuring that family allowances became a universal social insurance for each third child with the amount of benefits augmented for each additional child. At the same time, employment-related schemes for employees and the self-employed continued for first and second children. Accordingly, both aggregate and per child spending on families began to rise. In the period 1975-1990, family allowances as a percentage of average of male wages in industry were among the highest in OECD countries (Huber and Stephens 2001: 166; Lynch 2005: 71-86; Van Daalen 2005: 4).

Women were in a weak position to challenge the male breadwinner model, but in the late 1960s, as elsewhere, a new women’s movement with reformist and radical wings emerged. The reformist wing, whose leaders had personal connections to the PvdA leadership, formally articulated demands for new policies supporting equal gender rights, including child care. The PvdA-led coalition responded by introducing subsidies for child care. Further plans were elaborated upon, but could not be implemented as the PvdA returned to the opposition benches in 1977.

*Family Politics after the Golden Age*

After the 1977 elections, a CDA-VVD government came to power and set up an under-ministry for women’s affairs. However, it appointed as its head a Protestant female Christian democrat who had not been an active promoter of women’s equality. Though the CDA did not formally oppose the plans of the previous PvdA-led government, its politicians prevented all kinds of parenting policies that could facilitate women’s labor force participation, like parental leave and child care (Huber and Stephens 2001: 166). Instead, and despite the fact that the Netherlands suffered economic and budgetary problems that extended those of our other cases, the CDA-VVD coalition universalized child allowances for first and second children in 1980.
Accordingly, the number of beneficiaries increased from 1.8 million in 1979 to 2.2 million in 1980 while costs rose from € 2.4 billion to € 3.2 billion (De Jonge 2005: 4).

Between 1982 and 1989, two subsequent CDA-VVD cabinets were active in promoting some expansions of equal rights, though the Netherlands had a very long way to go and the history of the male breadwinner model alongside women’s discrimination in the labor market was not overcome. Reforms ended the formal discrimination against married women in disability insurance, unemployment benefits and public pensions. The latter had the widest-ranging impact, as it entitled both parents to equal entitlements. However, it left women at a comparative disadvantage as they had to pay contributions while housewives did not while having similar entitlements. In 1985, the unit of contribution to all public social security schemes was changed from the household to the individual, but health care remained exempt, and the household remained the calculation unit for means-tested programs (Huber and Stephens 2001: 286). Furthermore, the government raised child allowances for large families in 1983 (De Jonge 2005: 4).

No action was taken in the fields of child care and parental leave until the PvdA joined forces with the CDA in 1989. As the PvdA demanded expansions in both areas and the CDA continued to adhere to the male breadwinner ideal, the result was a sort of stalemate. For instance, parental leave was introduced, but it remained unpaid for the private sector and thus an unattractive option. Moreover, the Child care Stimulation Act was passed. It provided subsidies for child care facilities, day care host parents, and care for young school children. However, care arrangements remained largely privately provided and the impact of the Act was highly limited. Between 1990 and 1993, it increased the share of children in subsidized child care merely from 2 percent to 4 percent (Huber and Stephens 2001: 286).

Expanding policies supporting working mothers was considerably easier for the PvdA once it came to lead the “purple coalition” in 1994, since both D66 and the VVD supported equal opportunities for individual family members. In 1995, for instance, the government implemented tax cuts for companies which invested in child care. Moreover, by 1997 employees taking parental leave were entitled to receive benefits between 2 and 6 months. As the purple coalition continued in 1998 so did expansions in family policy in the direction of equal rights. The 2001 tax reform removed the remaining shared taxation components, thus further lowering disincentives for second-earners to work more hours (Visser 2002: 33). Notably, the
2001 law on labor and care added several new arrangements such as 16 weeks paid maternity leave and a paid two days paternal leave. Last but not least, the second purple government aimed to create 70,000 extra child care places by 2003, that is, to nearly double the existing number. Each year 250 million guilders was spent on child care (Hoop 2004: 74).

In contrast to the ideal types, expansion in the direction of equal rights continued when the CDA returned to power in 2002. Against the demands of its coalition partners - the VVD and D66 - the party helped to ensure in parliament that those using a private savings scheme for parental leave would be reimbursed 50 percent of the minimum wage, around € 650, for a period of six months. Notably, the cabinet lowered child allowances in 2004 – an instrument favored by the CDA at the expense of child care until the mid-1990s (Van Daalen 2005: 11). By contrast, the CDA now embraced child care policy. It helped to make employer contributions obligatory from January 2007 on and the government raised its budget for child care by 477 million euros in 2007. Furthermore, around € 130 million extra was invested in child care in 2006 and in 2007 to lower parents’ contributions. Taken together, these expansions are massive and extended those of all previous Dutch governments. Between 2005 and 2008, public expenses on child care rose from € 667 million to over € 2.8 billion (Commissie Kinderopvang 2009).

5.4 Comparative Conclusion

This chapter has analyzed if the political struggles over the introduction, expansion and reform of pensions and family policy actually look alike. As to pensions, the ideal types derived from power resource theory led me to expect that social democrats promote earnings equality via a welfare state with high transfers, high services and universal social rights. The state is the preferred management or regulatory structure. Furthermore, Christian democrats were assumed to maintain income differences via a welfare state with high transfers, low services and status-based entitlements. The social partners are the preferred actors to manage or regulate the system with a secondary role for the state. Finally, I expected that liberals support equality of opportunity via a welfare state with low transfers, low services and means-tested entitlements. The market is the preferred way of managing or regulating.
The historical analysis of welfare’s golden age showed that both Christian democratic and social democratic parties behaved in line with the ideal types derived from power resource theory. Yet, I also pointed at the important role of women’s emancipation groups for social democrats in embracing an equal rights perspective.

Since the 1980s, however, we have seen fewer and fewer partisan differences, and the power resource approach has increasing difficulties to explain welfare development. In Austria, power resource theory sheds quite some light on pension reform until 1996. As portrayed by table 5.1, cuts were small and there was some expansion of old age pensions, active labor market policies for older workers and, in particular, early pensions. However, power resources theory is of little help for the period since 2000. By then, a Christian democratic-populist right government opted for a market-liberal policy course with large cuts in public pensions combined with the introduction and fiscal stimulation of private pensions. Here, the exception to the rule of market-liberalism concerns some expansion of child-credits and benefits for manual workers and lower-income groups.

Moreover, the power resources school contributes little to an explanation of pension reforms in the Netherlands. Here, Christian democrats already went down the road of severe retrenchment in the early 1980s with the partial exception of transfers for lower-income groups. Retrenchment continued under the CDA-PvdA coalition and during the first term of the PvdA-VVD-D66 cabinet. Remarkably, the same cabinet also met expectations derived from power resources theory as cuts were off the agenda during its second term and, compared to the other Dutch governments analyzed here, the PvdA-VVD-D66 coalition was the most fanatic promoter of active labor market policies. Afterwards, power resource theory is again of little use as successive center-right governments led by the CDA went down the road of market-liberalism rather than Christian democracy by implementing severe cutbacks and promoting a new private savings scheme. The exception to the rule concerns some expansion of active labor market policies for older workers.
Table 5.1 Pension reforms in Austria, Germany and the Netherlands, 1982-2006

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Note: ALMPs refers to active labor market policies.
To add complexity, power resource theory sheds quite some light on German family policy between 1982 and 1995. By then, the Christian-liberal government implemented small cuts combined with expansions of early pensions and active labor market policies. Afterwards, the Christian-liberal coalition implemented moderate cuts, expanded child-credits and somewhat expanded active labor market policies. As such, the basic structure of the German welfare state was frozen from 1982 to 1998. Moreover, and in line with power resource theory, several cuts were retracted by the social democratic-green coalition from 1998 to late 1999. Yet, the same government subsequently diverted from the power resources approach by opting for severe cuts in public pensions and initiating and promoting private pensions. At the same time, the social democratic-green coalition behaved in line with power resource theory by expanding active labor market policies for older workers and child-credits for parents with part-time jobs and low incomes.

Whereas pensions are increasingly marked by retrenchment, table 5.2 outlines a rather different picture for family policy. Here, policy is marked by expansion and, apart from some notable exceptions that will be further analyzed in the next chapters, power resources theory does a good job in explaining reform. Moreover, it continues to do so in Austria as Christian democrats promote the traditional family and social democrats support working mothers. However, the power resources school no longer explains family politics in the Netherlands and Germany since 2002 and 2005, respectively. Here, Christian democrats have undergone a remarkable process of convergence towards the social democratic perspective on family policy and have accordingly implemented policies supporting working mothers.
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