



Germany 2004

Tatjana Marinell

Thematic Expert

Reconciliation of Work and Family Life





A. Description of the main elements of the policy

1. Background

1.1 The reasons for developing the policy

In summer 2003 the German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, in partnership with the Bertelsmann Foundation, launched the 'Alliance for the Family', in which the government, social partners, NGOs and other important stakeholders work together on a sustainable policy in favour of the family. This new co-operation between politicians, business and trade unions is based on the consensus that

- a higher birth rate
- a higher labour market participation by women
- and the best education and training of children

are needed to cope with the challenges of demographic change and international competitiveness.

1.2 The baseline situation against which the policy will be measured

Concern over demographic change and in particular the low birth rate have refocused attention on family policy in recent years, and it has now become a key field of debate and policy. The German birth rate currently ranks 185th out of 202 surveyed countries worldwide. The trend of the birth rate in Germany is still declining (from 830,019 births in 1991 to 766,971 births in 2000). The net reproduction rate was 0.65% in 1999. At the same time the population's age is increasing: during the last few decades the share of over-60s in the European population increased sharply to 21%. Heading the list were Italy, Greece and Germany.

After falling for years the total fertility rate in the EU is down to 1.45 in 1999. The 'total fertility rate' (TFR) is the mean number of children a woman will have (under the assumption that the current fertility rates stay constant; generally the TFR underestimates the 'true' completed fertility, because currently the age at first birth is still increasing). The replacement level would be 2.1. Such a TFR is reached nowhere in the EU. The lowest levels are currently seen in the Mediterranean countries – Spain (1.19), Italy and Greece – and in Germany



(1.37), whereas the highest levels are in Ireland (1.89), followed by France and Finland. In the European Economic Area, only Iceland (1.99) and Norway (1.84) achieve levels as high as or higher than these. The German government is alarmed by this prospect, especially since it goes hand in hand with a further and acute ageing of the population.

Analysing German statistics, families are defined as closely affiliated groups of persons within a private household who are linked together through marriage, descent or child custody. In individual cases, this concerns married couples living together in the household with or without single 'children' as well as single (i.e. unmarried, separated, divorced or widowed) mothers and fathers living in the same household with their unmarried children.

A policy in keeping with the times has to take note of the fact that there are differing ideas of how a family lives. It is not the task of the government to stipulate a particular concept of how people should live together. The German government declares itself open to the reality of life, respecting diversity, for the reason that all forms of living in which people assume responsibility for each other deserve tolerance and respect.

In the year 2000, 36.1% of all households in Germany were single-person households, while 63.9% consisted of several people. 30.1% of these multiple-person households contain no children. Of the households that contain children 25.2% contain married parents, and 5.8% single parents (mostly mothers) – 5.5% in the old *Bundesländer* and 7.1% in the new *Bundesländer*. Households with three generations living under one roof make up about 0.9%. 78% of parents with children under the age of 18 are married couples, 6.2% of parents live together without being married and 15.4% are single parents.

Singles, single parents and families with three or more children have a significantly higher risk of social exclusion and above-average poverty rates. Whereas the poverty rate of households with a working single parent was 15% in 1998, for households with both parents working it was only 3.7%. In the same year, the low income rate for single parents was 53.6%, while that for households with both parents working was 29.6%. Couples with three or more children are much more affected by relative income poverty than couples with one child or two children. Poverty in the under-16 age group is almost unchanged at 13.6% in 2001, while for people over 65 the poverty rates are somewhat below the rate for the population as a whole.



Family policy in Germany, especially in the old *Bundesländer* (federal states) was focused on monetary benefits. Under the slogan 'making society child and family friendly' the total relief for families resulting from measures such as the increase in family allowance, the increase in the income limits for child allowance, the adjustment of housing allowance and the increase in individual training assistance rose from around €40 billion in 1998 to almost €59 billion by 2003.

Social and labour market policies supported the breadwinner-housewife system of married couples. This was based on the expectation that women, in particular married women with children, would withdraw from the labour market permanently or at least temporarily. This model was massively promoted and subsidised by state family policy for decades, in particular through the instruments of matrimonial tax splitting, premium-free health and long-term care insurance of non-employed spouses, and several other individual regulations in the tax and transfer system. In contrast, the expansion of the childcare infrastructure was neglected as a consequence of the predominant model of a mother who stayed at home to raise her children, and progressed only very slowly compared to the situation in many other countries of Europe.

Since the 1980s, the public provision of childcare has increased substantially in all European countries, in great part as a response to an increasing demand for such services. However the level of governmental involvement remains widely different across the European Union. While in Finland children have a 'right' to a place in daycare, the provision of publicly financed childcare is still the subject of much discussion in countries, such as Britain, where until recently a much more private ideology prevailed.

In 2002 the provision rate for places for children between three and six years of age was almost 90% (88% in west Germany and 105% in east Germany), but, by contrast, for children under the age of three it was only 8.5% (2.7% in west Germany and 37% in east Germany) and for schoolchildren around 5.8% (3.1% in west Germany and 22.4% in east Germany).

In view of the existing need for action the Federal Government therefore put an additional focus in its education and family policy on improving the childcare situation. The emphasis is on the expansion of a demand-based social infrastructure, in particular of demand-based all-day facilities to care for children in the elementary sector and for more family-friendly working conditions. Recently,



a programme with a budget of €1.5 billion has been announced for the expansion of childcare facilities for children under the age of three, and a further €4 billion is to be invested in extending the system of full-day schools.

The goal of the extension is demand-based provision for all age groups: flexible regarding time, affordable, and provided in various ways: in kindergartens, in small childcare facilities or by means of 'day care mothers' (*Tagesmütter*), in private initiatives or by commercial services. The supply of care for children under three years of age should be improved and the high level of care in east Germany should be preserved. The initiative of local alliances should help to create local childcare facilities that correspond to special conditions and meet special demands.

The state childcare services constitute a central and indispensable element in the overall organisation of the family for nearly all working parents. But the opening hours of these facilities have in no way kept pace with the flexibilisation of working times. Studies show that forms of childcare through institutions and with almost no time limit very often go along with more favourable social-economic conditions for the children and a more intensive gainful employment for the mothers.

As of 1993, more than 90% of children aged three-to-school-age in Belgium, France and Italy were enrolled in publicly financed childcare institutions, while in Finland, Ireland, Portugal, and the UK the share was less than 60%. The coverage of children less than three years old is much lower in all countries. Only in Denmark are half the children of that age enrolled in publicly financed childcare institutions. Still, Germany is near the bottom of the European league when it comes to children below the age of three who attend childcare facilities.

As a recent study by the German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung, DIW) shows, the incompatibility of work and family life leads, due to a loss of taxes and social contributions, to less revenue in the budget. Thus, the Treasury would receive €1.1 billion more every year, if 245,000 unemployed university graduates were able to work, if demand-based and qualified childcare was provided. With one million single parents receiving social welfare benefits who could return to professional life, social welfare providers could save €6.6 billion a year. In addition to that, the public authorities, especially the communities, could make savings in the field of so-



cial welfare, which would be of importance to financially weak communities. And last but not least the public authorities and the social insurance providers could increase revenue from the new jobs resulting from the extension of day-childcare facilities.

The government recently began to gear its policy towards making it easier for mothers to reconcile work and family. The emphasis of this policy was on facilitating and increasing the incentives for women to work part-time. The last pension reform upgraded the pension rights of mothers in part-time employment; for example the law on part-time working and fixed-term contracts of employment that came into force in January 2001 is the first to provide for a general legal entitlement to part-time working apart from the parental leave period, and including management positions.

However, the consequences of part-time employment after childbirth have been found to vary from country to country. In Great Britain, part-time jobs are mostly found in low-level occupations. Many women therefore accept a convenient job with reduced hours but lower status, in order to be able to combine paid work and family responsibilities. In Sweden, on the other hand, job protection in connection with childbirth is combined with a right for parents to work part-time while they have small children. Also, part-time jobs have the same social benefits as full-time jobs. In general, countries which have low levels of part-time work for women also have very low levels of fertility.

The percentage of working mothers has increased considerably and was 61% in 2000. In 2000, around 57% of mothers in west Germany were employees, after subtracting those who were on parental leave. In east Germany, the women's employment rate was almost 70% in 2000 and would have been even higher if the unemployment rate among east German mothers had not been 17.5%. In east Germany, however, two in three working women with children are in part-time jobs. In contrast, east German working women with children are in full-time employment far more frequently. Of those in part-time jobs, most work more than half the standard weekly working time.

The family working time arrangements of couples reflect different life models based on the characteristics of the woman's employment: there are the traditional one-earner family (man full-time/woman not at work), the modern model (man full-time and generating the higher share of the family income/woman part-time) and the 'two-earner model' (man full-time/ woman full-time). Other models in which men also work part-time play only a marginal role in Germany.



While Germany has chosen policies that most benefit the one-earner family, Sweden on the other hand is the country which has chosen the policy mix which most benefits the two-earner family. A study of Swedish fathers of five-year olds shows that 60% of the men had made some adjustment of their work situation in order to accommodate having a family.

In Germany men's working lives and occupational careers are by and large not affected by their family situation. However, when women get married or start a cohabiting relationship and, even more, when they have children, they will allocate more time and more energy to unpaid housework and less to paid work outside the home, which in turn means that their career possibilities are reduced compared to men.

Career costs for women who have children consist of the direct loss of earnings during the time when they have left the labour market in connection with a birth, but also, and maybe more importantly, of the loss of returns for the rest of their working lives because of human capital investments foregone during the period of home time. It was found that Swedish women go through the childbearing process with only a small drop in earnings. On the contrary, German and Dutch women remain in continuous employment (with only maternity leave interruptions) only if they are well educated. If not, the breadwinner ideology and institutions put them into a homemaker position.

Analysing gender roles goes hand in hand with the chance to combine work and family life. This is not only an issue of gender equality from the perspective of values. It is also highly relevant in terms of practical economics. From the viewpoint of equality, everybody should have the same opportunities to participate in the labour market. In practice this is obviously not the case, because differences between women and men still exist.

1.3 The problems the policy is intended to solve

The National Action Plan against Poverty and Social Exclusion, NAP/incl 2003-2005, describes major trends and challenges and outlines the steps that will be taken in Germany to increase social integration.

Germany is faced with the central challenge of improving employment and earning opportunities as a whole and reducing persistent high unemployment in the long term. Long-term unemployment is the main cause of poverty and social exclusion. No or inadequate academic and vocational qualifications, the



incompatibility of family and work and limited opportunities for participation due to poor health or national origin are often associated with this. The German economy is one of the slowest growing in Europe. Between 1993 and 2003 the real annual average gross national product increased only 1.4% a year, compared to 2.1% in Western Europe as a whole. Enabling participation in economic and social life and equality of opportunity and preventing and combating social exclusion are the goals of a preventive social policy designed for sustainability.

A better work-life balance is a central reform project for social policy and a foundation stone for effectively countering poverty and social exclusion among families with children and, in particular, single parents. For this, the establishment of a demand-based and reliable range of care for children should be at the heart of family policy. An adequate and high-quality supply of childcare has many functions in combating poverty and social exclusion: childcare creates better ways of combining family and work and makes it easier for parents to earn their own living by means of paid work. It encourages the integration of children from economically disadvantaged families and from families with an immigrant background. In the long term, an adequate and high-quality supply of care facilities creates equality in starting opportunities and equal education opportunities by strengthening early education.

To bring about real equality between men and women it is important that more women are employed. For this above all, the conditions for the compatibility of work and child-rearing must be further improved. This meets the needs of an ever larger number of women and can also help to reduce the poverty risk of families and single parents. By 2005 women should account for 40% of the study courses and apprenticeships in IT professions, and the proportion of women in managerial positions, professorships and on the academic staff of universities and research institutes should be further increased to an even higher extent. The Federal Government is sticking to the goal of raising the number of working women to over 60%, which was agreed on at European level.

The Lisbon European Council of 23rd and 24th March 2000 recognised the importance of furthering all aspects of equal opportunities, including reducing occupational segregation and making it easier to reconcile working life and family life, and considered that one of the overall aims of active employment policies should be to increase the number of women aged 15 to 64 in employment to more than 60% by 2010.



At the present time, some countries have a female employment rate of only about 40% (Spain), while others have more than 70% (Denmark). Sweden and Denmark seem to have found the best solutions by focusing less on the quantity than on the quality of work. They have already reached a high participation rate. As a result, their people show a high degree of self-reliance and have a high regard for work, which are now vital elements in these societies.

2. The goals and the target groups of the policy

Including the legal and financial provisions to implement the policy and institutional arrangements and procedures

The co-operation group (*Kooperationsgruppe Balance of Family and Work*):

To facilitate co-operation with partners from relevant groups a co-operation group was formed to co-ordinate the partners' activities periodically. The group consists of representatives of the German Federation of Trade Unions (Deutscher Gewerkschaftsbund), the German Chamber of Industry and Commerce (Deutscher Industrie- und Handelskammertag), the Federation of German Industry (Bundesverband der Deutschen Industrie), the Federation of German Employers' Associations (Bundesvereinigung der Deutschen Arbeitgeberverbände), the Federation of German Handicrafts (Zentralverband des Deutschen Handwerks), the Bertelsmann Foundation, the Federal Ministry for Economy and Work and the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth.

The co-operation project is planned to last two years, under the project title *Balance of Family and Work* the team directs the activities of the 'alliance'. In the centre of their work are the modules:

- Corporate culture: family-friendly organisation of work, working hours and human resources development
- Interlinkage of companies and communities within the setting of the Local Alliances for the Family
- Services for families

The local alliances (*Lokale Bündnisse*):

In early 2004 the federal initiative *Local alliances for the family* was started. The target of this initiative is to strengthen a family-friendly atmosphere at the



local level by facilitating co-operation and exchange of experience between companies, social organisations and municipalities. The initiative is financially supported not only by the government but also by the European Social Fund and private foundations.

A number of arguments define the scope of the current discussion regarding the Local Alliances for the Family:

- The demographic perspective
The ageing problem: in other words the childlessness of German society, as a result of the low birth rate, requires the government to act
- The economic perspective and labour market policy perspectives
Despite the current high unemployment rate a shortage of skilled workers is already in the offing. In particular, well-trained women are in increasing demand as a human resource. Also from the economic point of view the family-friendliness of the world of work will thus become an important issue.
- The perspective of municipal policy
Due to municipal financial shortage and the migration of young people, communities are starting to recognise families as an indispensable resource for their future. If you want to keep or develop cities as living communities and attractive economic locations, intensified efforts for a family-oriented policy are also required on the local level.
- The perspective regarding life balance
The increase in paid employment and the desire of both genders for a double life plan focus attention on the difficulty of making work and family compatible.

Those who are interested get their initial advice from a service centre. The core task of the service centre is organisational development, methodical process and project counselling for the local alliances. The service offered consists of training courses, workshops and an introduction to public relations work with local media as well as individual counselling and coaching. The principle is 'help for self-help'. The service centre provides information material for all development stages of an alliance – foundation, start-up and further development. As a communications centre it is also involved in building up networks between the local alliances.

Within four months 52 local alliances joined the initiative, in November 2004 more than 100 local alliances had been founded. There is a great variety of



starting points for improving the work-life-balance at local level. The service bureau has been established by the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth and already supports 143 local alliances and actors intending to found a new local alliance.

'Career and Family' Audit:

Companies are asked to run a 'Career and Family' audit, in which family-oriented measures can be evaluated and the potential for further family-friendly development can be identified. The Work & Family Audit[®] is based on the 'family friendly index', an idea coming from the USA, and based upon insights from the non-profit Hertie Foundation. Initiated and commissioned by the nonprofit Hertie Foundation, the Work & Family Audit[®] for Germany was developed in 1996. For the purpose of implementing the Work & Family Audit[®], the Hertie Foundation specially established the Work & Family Nonprofit Limited Liability Company (Beruf & Familie gemeinnützige GmbH), which holds the European trademark rights in the Work & Family Audit[®]. Acting as the European Coordinating Body, the Beruf & Familie gemeinnützige GmbH is also responsible for the uniform implementation of European Work & Family Audits[®].

In 1998, the Work & Family Audit[®] was extended to Austria. The Austrian Ministry of Family Affairs in its function as responsible national institution had the tools adapted to national legal and economic conditions. Since 2001, work has been in progress on the introduction of the Work & Family Audit[®] in Hungary and in 2003 the Work & Family Audit[®] was adapted by the Council for Staff, Health and Social matters, Department for Family, Women and Young People to the specific structures in the Autonomous Province of Bolzano, South Tyrol, Italy.

The Work & Family Audit[®] guides companies through an internal process of defining and implementing the goals and measures of a family-oriented employment policy. First of all, the company will determine the status quo of the currently available measures for a better balance between gainful employment and family and systematically ascertain its specific development potential with the aid of a differentiated criteria catalogue. Trained auditors or consultants accompany the audit, making targeted suggestions to provide impulses for the development of company-specific employment policy strategies and the implementation of concrete measures. A process is initiated to firmly establish and nurture corporate family-consciousness on a long-term basis.



After the actual and the target status is evaluated by an external consultant the company receives the Work & Family Audit[®] base certificate. After three years the attainment of the target status is checked up on. On attaining the target status as well as positive appraisal, the company receives the certificate for three more years. Setting targets is a tool for promoting awareness of the process and thus for encouraging and mobilising all actors in support of it. This is done with the assistance of a criteria catalogue, a screening module which is used for the systematic review of the current family-conscious employment policy and for determining the company-specific development potential. The following defined fields of action are evaluated:

1. Working time
2. Workflow and job content
3. Workplace
4. Information and communication policies
5. Leadership qualities
6. Development of human resources
7. Remuneration components and cash value benefits
8. Supportive services for families
9. Specific corporate features

Work & Family Audit[®] is a management tool for business enterprises and organisations for the optimisation of a family-oriented employment policy. It aims at ensuring a strong balance between corporate interests and employees' concerns. Therefore among the intended results for family-oriented companies and their employees are:

- Increasing employee productivity, job satisfaction and loyalty
- Retaining current employees and attracting new talent
- Reducing employee stress
- Reducing employee absences
- Improving the company's image among the public, customers and clients.
- Increasing competitiveness

Since the year 2000 more than 80 German business enterprises and institutions with a total of 220,000 employees have implemented the Work & Family Audit[®]. A survey of certified enterprises showed that the employees' satisfaction and motivation has increased considerably due to consideration of their family concerns. About 70% of certified enterprises observe an improved quality of work since the audit.



Award for the most family-friendly enterprises

The goal of the competition is to recognise commitment to the compatibility of work and family and to give the highest possible encouragement to enterprises which want to do the same. In order to honour employers who have already recognised the entrepreneurial potential of family-friendliness and are applying the respective measures, the Ministry for Family Affairs, Senior Citizens, Women and Youth organises the competition *Success factor Family 2005* (Erfolgsfaktor Familie 2005). A jury determines the prize winners of the competition, which has already been held three times, in the categories small enterprises (up to 50 employees), medium enterprises (51 to 500 employees) and large-scale enterprises (more than 500 employees). The winner of each category gets €10,000. Participating enterprises are evaluated by means of a criteria catalogue and a personal on-the-spot audit by Beruf und Familie gGmbH. This evaluation follows the Work & Family Audit[®] method, examining the same fields of action.

The European context

Since the 1960s, the family has been changing significantly in all European countries. At the same time, demographic pressures and economic constraints have increased and the welfare state has reached its limits. In this overall constellation, various new family policies have been enacted and implemented. Yet family policies widely vary across Europe.

In the 80s and 90s it was already the theme of family and work that appears to have dominated the political agenda of international and national governments. This includes the ILO Workers with Family Responsibilities Convention (1981), the EU pregnancy directive (1992), the EU recommendation on childcare (1992), the EU parental time directive (1996), the EU part-time work directive (1996), and the EU resolution on the balanced participation of women and men in family and working life (2000). Initiatives at the national level are also numerous including the Luxembourg National Action Plan for Employment (which covered the theme 'reconciling work and family life') (1998-99), the Dutch 'Strategies for work-family balance' (1999) and the Portuguese campaign for family and work reconciliation (1999).

This emphasis on 'family and work' is in fact also found at the individual level. For instance, respondents to a Eurobarometer survey carried out in 12 EU countries in 1989 identified family and work among the top factors influencing fer-



tility decisions, and among the top governmental actions that could improve family life. 'Women working outside their home' and the 'availability of childcare arrangements' ranked respectively third and fourth among the most important factors influencing the decision about family size while 'availability of suitable childcare arrangements' ranked second among the top priority actions for governments (European Commission 1990).

In the year 2000 the Lisbon European Council launched the strategic goal of "the Union becoming the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion". At their summit in Lisbon the heads of state and government of the European Union called upon the Member States to draw up national action plans to improve the fight against poverty and social exclusion by means of a constant dialogue and the exchange of information and best practices. At the Nice summit in December 2000 four common goals for the national action plans were laid down on the proposal of the Council of Employment and Social Affairs Ministers:

1. Facilitating participation in employment and access by all to resources, rights, goods and services

1.1. Facilitating participation in employment

In the context of the European employment strategy, and the implementation of the guidelines in particular:

(a) to promote access to stable and quality employment for all women and men who are capable of working, in particular:

- by putting in place, for those in the most vulnerable groups in society, pathways towards employment and by mobilising training policies to that end,
- by developing policies to promote the reconciliation of work and family life, including the issue of child and dependant care,
- by using the opportunities for integration and employment provided by the social economy;

(b) to prevent the exclusion of people from the world of work by improving employability, through human resource management, organisation of work and lifelong learning, increased income and by promoting employability;



1.2. Facilitating access to resources, rights, goods and services for all
(a) to organise social protection systems in such a way that they help, in particular:

- to guarantee that everyone has the resources necessary to live in accordance with human dignity,
 - to overcome obstacles to employment by ensuring that the take-up of employment results in increased income and by promoting employability;
- (b) to implement policies which aim to provide access for all to decent and sanitary housing, as well as the basic services necessary to live normally having regard to local circumstances (electricity, water, heating, etc.);
- (c) to put in place policies which aim to provide access for all to healthcare appropriate to their situation, including situations of dependency;
- (d) to develop, for the benefit of people at risk of exclusion, services and accompanying measures which will allow them effective access to education, justice and other public and private services, such as culture, sport and leisure.

2. To prevent the risks of exclusion

- (a) To exploit fully the potential of the knowledge-based society and of new information and communication technologies and ensure that no one is excluded, taking particular account of the needs of people with disabilities.
- (b) To put in place policies which seek to prevent life crises which can lead to situations of social exclusion, such as indebtedness, exclusion from school and becoming homeless.
- (c) To implement action to preserve family solidarity in all its forms.

3. To help the most vulnerable

- (a) To promote the social integration of women and men at risk of facing persistent poverty, for example because they have a disability or belong to a group experiencing particular integration problems.
- (b) To move towards the elimination of social exclusion among children and give them every opportunity for social integration.
- (c) To develop comprehensive actions in favour of areas marked by exclusion.

These objectives may be pursued by incorporating them in all the other objectives and/or through specific policies or actions.

4. To mobilise all relevant bodies

- (a) To promote, according to national practice, the participation and self-expression of people suffering exclusion, in particular in regard to their situation and the policies and measures affecting them.



- (b) To mainstream the fight against exclusion into overall policy, in particular:
- by mobilising the public authorities at national, regional and local level, according to their respective areas of competence,
 - by developing appropriate co-ordination procedures and structures,
 - by adapting administrative and social services to the needs of people suffering exclusion and ensuring that front-line staff are sensitive to these needs.
- (c) To promote dialogue and partnership between all relevant bodies, public and private, for example:
- by involving the social partners, NGOs and social service providers, according to their respective areas of competence, in the fight against the various forms of exclusion,
 - by encouraging the social responsibility and active engagement of all citizens in the fight against social exclusion,
 - by fostering the social responsibility of business.

The implementation of this approach must take account of the principle of subsidiarity. Combating social exclusion is first and foremost the responsibility of Member States and their national, regional and local authorities, in co-operation with the full range of bodies concerned, in particular the social partners and NGOs. Furthermore, the nature of the response depends particularly on the nature of national social protection systems and social policies.

Applying the open method of co-ordination to the fight against social exclusion, in line with the principles defined in the conclusions of the Lisbon European Council, will allow for both coherence and diversity of action at national level. Policies in pursuit of the objective of fighting social exclusion and poverty can vary in nature, and in their implications for Member States and their target groups. Differences in approach between Member States in dealing with these problems will result in solutions and priorities reflecting their individual circumstances.



B. The results so far

1. The quantitative results and other achievements of the policy so far

As the initiative has begun only recently there are no final results yet. In particular population trends constitute a process the consequences of which are currently widely discussed but cannot yet be comprehensively assessed. On one hand, the increasing life expectancy of the population opens up a large potential for the government, society and families, which has not yet been used to a sufficient extent. On the other hand, fewer children mean less wealth, less dynamism, less innovation and a lower standard of living.

The institutionalisation of a regular consultation and deliberation process between the players at all levels has progressed further in Germany. In a continuous dialogue with these players, the Federal Government sees the foundation of a policy to encourage social cohesion, which incorporates experience from various areas and also respects regional and local peculiarities. Within the Federal Government, the goal of combating poverty and social exclusion is a component of the inter-ministerial co-ordination process.

The Federal Government organises discussion of the objectives, perspectives and results of political measures into various deliberation and consultation bodies. Non-governmental organisations (charitable associations, self-help initiatives, National Poverty Conference, etc.), trades unions, churches, the states (*Länder*) and local authorities are actively involved in a 'Permanent Group of Advisers'. There is also a regular institutionalised consultation process with academia, which is intensified in academic colloquia and for a. The Federal Government will continue this process after the compilation of the NAP/incl 2003-2005 and intensify the dialogue with the relevant players with the goal of greater interlinkage and mobilisation.

Economic effects of family-friendly measures

Various projects and studies within the 'Alliance for the Family' aim to improve the balance between work and family life. The strategy of the alliance includes the following elements: feasibility studies and cost-benefit analyses aim to prove that family-friendly measures are more a matter of being ready to innovate than of investing a lot of money. It can be shown that for small and medium-sized



companies the benefits of family-friendly measures are higher than the investment in such measures, even in difficult times for the economy.

The survey *Economic effects of family-friendly measures* conducted by Prognos AG in 2003 is based on data from 10 German enterprises with 150 to 13,000 employees, which have been summarised in a model calculation for the purpose of better comparability and transferability. From the operational point of view by labour turnover and the time until re-employment, corporate costs arise such as replacement costs of labour turnover for substitutes with the same qualification level, bridging costs for periods of parental leave and re-entry costs at the end of parental leave. These costs were set against the costs for a family-friendly package of measurements.

What is expected from a family-friendly enterprise

Survey research is involved to monitor the state of family-friendliness in German companies as well as the kind of measures applied. Another survey among employees views family-friendliness as a location factor and points out a high demand for flexible working time arrangements.

The study *What is expected from a family-friendly enterprise* conducted by the Economic and Social Science Institute (Wirtschafts- und Sozialwissenschaftliches Institut – WSI) of the Hans Böckler Foundation shows the results of an survey of 2,000 employees with children or engaged in dependant care. The employees identify the greatest need for action regarding family-friendly working hours (32% of respondents). More than 35% of women interviewed women and almost 28% of men regard family-friendly working hours as the most important of six factors. In second place (with 17 %) is financial support (e.g. voluntary monetary remuneration such as child allowance or a one-off payment on the birth of a child). In third place ranks the possibility of taking care leave. For 10% of those interviewed a family-friendly working climate and help with finding appropriate care facilities rank in first place among the actions needed.

Professional-scientific research project

The initiative of alliance building at the local level will be interlinked to form an innovative action strategy. The accompanying research project of the German Youth Institute (Deutsches Jugend-Institut – DJI) documents and examines forms, capacities and success conditions of local alliances for the family, and



supports and advises the initiative professionally. Its goal is to examine the conditions under which local alliances are a suitable new political approach to mobilising the local potential of different social actors to improve the living and working conditions of families. In this connection the opportunities and potentials as well as the limits of the alliance strategy are examined. According to the underlying formative understanding of evaluation, an evaluation, differentiation and possible completion of the question is part of the research process, so that the concerns and interests of the alliance projects can be integrated into the survey.

The evaluation is carried out using a mix of methods, applying qualitative as well as quantitative methods in different stages of the survey. A multi-phase formative design has been developed with regard to the complex questions. It creates a broad empirical basis which, in connection with the analytic evaluation of professional and scientific sources, enables reliable statements to be made regarding the success conditions and developments of local alliances dealing with family policy.

During the course of the project the specific structures, the forms of work organisation and the constellation of actors and fields of action of local alliances are systematically described by means of a typology. Favourable and impeding factors for the development of local alliances are elaborated as well as features of good practice. The project's goal is to relate favourable and impeding factors to local conditions, because resilient statements regarding the transferability of such factors to other locations require a certain sensibility to context.

The project systematically records all local alliances in Germany, interprets them statistically, analyses them and documents them in a project database. Since summer 2004 the database can be used by all who are interested for targeted research. A variety of search criteria such as:

- actors involved (economic federations, enterprises, politics/administration and civil society/social organisations),
- fields of action (balance between family and work life, demand-based childcare arrangements, reinforcement of family competence, family-friendly housing/traffic, encouragement of family health, integration of families from foreign countries and handicapped people, gender equality, fathers, family-orientated cultural offer, family consulting and informing, support of care-dependent people, family-orientated time-organisation, vocational training and education),



- target groups (families with children, working parents, single parents, migrant families, families caring for older people, fathers and others),
- Federal State,
- reach of the alliances

enable the result orientated access to information regarding the alliances. This is meant to support a targeted exchange of experience and a demand-orientated interlinkage between alliance locations.

2. Obstacles and constraints encountered

In 2003 the Institute of the German Economy (Institut der Deutschen Wirtschaft) in Cologne issued a Monitor of Family-Friendliness (Monitor Familienfreundlichkeit). The representative study asks about the existence of family-friendly measures like flexible working time, provision for childcare and care for dependent relatives, family services, encouragement measure for parents. Three-quarters of all enterprises offer, with different models of flexible working time, the most important instrument for the reconciliation of work and family. A fifth of the enterprises has not yet implemented one of the 26 measures. As a hindrance to a stronger family-friendly commitment the employers state that there is no corporate need and no need among their employees. Beyond that they do not consider the encouragement of parents and childcare as corporate duties.

Working conditions at company level and, above all, working time options play an increasingly important role in enabling families to achieve a liveable balance, since to date only a small minority of companies are making genuine efforts to promote the reconciliation of work and family.

The importance and usefulness of a holistic view of the employee is often an innovation for the employer. An outside catalyst is needed to bring this innovation into being. A complicated network of issues affects the chance of improving a company's situation. Work and family issues bring out the critical points in a work organisation and assumptions about commitment, effectiveness and time. Therefore solving work and family problems can clearly raise effectiveness and productivity. The aim of reconciling work and family duties functions as a catalyst by making visible the points in the work processes and work organisation that need to be developed.

In companies where the management regards working life and family life as two separate worlds, it can be difficult to bring about changes to facilitate the



work and family combination. Cultural changes in the companies were not so much connected with the actual changes as with the process itself. The debate on reconciliation of work and family duties stresses the need to change the corporate culture at a deep level of meaning, concerning the shared but often unconscious and taken-for-granted values and belief systems.

However, sufficient and widespread childcare provision is a key issue with great impact on the employment of women. So far, the focus has been on facilities for children between three and six years of age. More childcare facilities for children under three would also make it easier for women to take up employment. Childcare systems have to go hand in hand with an elaborate parental leave system. From the point of view of social security, it is important for women to be able to return to their job and to receive adequate payment while staying at home. Parental leave systems differ widely throughout Europe, both in terms of duration and amount paid. It is hardly possible to figure out an optimal system. If a public system is poor in quality or not available at all, the choice is either not to have children or to rely on the family network.

Another important area is childcare for those aged six and above. In many countries, a basic issue is the kind of care schoolchildren get when they do not have lessons. School hours and school holidays have to be taken into consideration whenever combining work and family.

At this stage, childcare might be the most prominent factor for reconciling family and work. There is one other major problem, however: care for the elderly. In the near future, more elderly people will need care, and the same problem confronted by young women with children will present itself to those in the 50-to-60 age bracket who have to care for their elderly parents.

The fact that the proportion of elderly people in the population is growing fast presents a challenge to all relevant bodies. There is an urgent need to develop new measures to support people who take care of their elderly relatives, measures similar to care leave entitlements connected with childcare. At the workplace level we need to recognise that combining work and family is not only an issue for parents of young children, but one that concerns most of us. This recognition probably also helps to get the work–family issues onto the agenda at all levels, to discuss them, and to plan and put into practice measures which support the combination of work and family. The bigger the group in need of these measures, the easier it is to see that supporting arrangements do not favour a particular group of employees but are needed by most of them at one or another period of their lives.



Part-time work cannot be seen as a general solution. While on one hand it raises women's participation in the labour market, on the other it could easily generate new gender stereotypes and inequalities. It reduces a person's chances for a career, pays less and might also be labelled as less important and of minor value.

C. The policy debate

1. Arguments of the different interest groups, main questions and areas of debate on the policy within the country or at European level

Despite a transfer-intensive family policy Germany's birth rate and the paid employment rate of mothers are well below the average of other European countries. The opposite situation can be seen in Nordic countries. Obviously the differences do not depend only on the size of financial transfers for families but also on other factors, which are embodied in the structural framework conditions of the countries.

The emphasis on the theme 'family and work' is found in all European countries, evolved in diverging ways. In recent decades all countries have launched initiatives on this theme, and all have discussed the issue of reconciliation between work and family responsibilities. For instance, while the Scandinavian countries opted for a high level of state support for families, which emphasised the issue of gender equality, Germany continued to support a much more traditional gender division of labour emphasising a male breadwinner-housewife model. And while France's family policy was driven by pronatalist objectives, Britain opted for a non-interventionist model.

These large national differences in the nature and level of state support for families were very visible throughout the 1980s and early 1990s. There are still major national differences in the actual level of support provided for families, but the recent emphasis on family and work, and the related changes in maternity and parental leave schemes, have brought countries belonging to different 'models' of family policies closer to each other. Britain for instance no longer perfectly exemplifies the liberal non-interventionist model, and Germany has started to move away from a model based on a traditional gender division of labour.



The strength of the successful French model lies in tax incentives, especially for families with more than two children. For a long time France has had a high rate of women, even mothers, in full-time paid employment, which is only briefly interrupted by birth. This is made possible due to the extensive organisation of *Tagesmütter* (day-mothers), the provision of whole-day kindergartens, nursery schools and whole-day schools.

A brief look at the cultural differences with Germany as regards family policy, as exemplified by the image of day nurseries in society, leads us to the following result: in France, no societal stigma is placed on parents entrusting their under-three-year-olds to state-run day-care facilities, a fact which is taken advantage of particularly by highly qualified parents. Owing to a law of 1994 that made the employment of childminders attractive through tax incentives, individual childcare was greatly promoted and new jobs could be created. Historically speaking, French children are not only considered a private, but also a public 'good'. As in Scandinavian countries, the state is entitled to intervene at all levels of child-raising. French businesses have to fulfil the role assigned to them by the state – 60% of family funds are financed by the employer's contribution, which accounts for 5% of gross wages. These funds finance family allowances, child benefits and state-run day-care facilities. In French enterprises the reconciliation of work and family is not a goal in itself but is considered a part of the corporate working-time policy. The main driver for family-friendly staff policy measures, so it seems, is to hold on to highly-qualified staff when they are having children.

In Great Britain, family policy was mainly focused on the reduction of poverty. The paid employment of mothers was rather hindered by a poorly developed childcare system. Owing to the growing pressure for the cohesion of social standards, a broad approach to family policy was developed. This includes an expansion of parental rights (e.g. parental leave) and the increase of financial remunerations (e.g. parental benefits), the introduction of tax credits (e.g. child tax credit, working tax credit), the improvement of access to childcare and new services for families (National Institute for Families and Parents). In 2000 a 'work-life-balance' campaign was launched, which is supposed to propagate best practices. British enterprises have traditionally distinguished themselves by a high non-acceptance of the government's attempts to regulate. Thus the work-life-balance campaign relies on the consent of enterprises regarding the implementation of useful and appropriate strategies. Owing to the strong orientation towards economic efficiency with emphasis on flexibilisation of working hours, social-political goals like paid parental leave play a less important role.



On the European stage Denmark is considered a clear pioneer as regards an innovative family-policy, which, being an essential tool for equality of opportunities, has led to extensive parental rights. Nowadays the Scandinavian countries benefit from the most extensive childcare systems and the qualitatively best facilities in the world. In international terms the Danish rate of women in paid employment is very high. In the Danish model both parents are very well supported to reconcile work and family (e.g. parental leave of 52 weeks for both). The extensive organisation of childcare is accompanied by high financial transfers. The municipalities provide a wide range of services for families. Family-friendly jobs are an essential part of the Danish corporate policy.

In Finland the cornerstones of work and family arrangements have been laid by governmental social policy. They consist of long, financially supported statutory parental leave arrangements with job security for the parent on leave, and a comprehensive system of public day care or support for private day care. The leave entitlements are not restricted to those who are active in the labour market but benefits are paid also to people who are not employed (although on a minimum basis). A place in local authority day care is also a subjective right of every child under school age. This system has developed gradually, starting with a short period of maternity leave in the 1960s and the Daycare Act in 1973, and reaching the present level of maternity, paternity, parental and care leave in 1990 and day care for all children under school age in 1996. In a country with well developed family policy, a question arises of the relation between public policies and companies in solving the problems of combining employment and family. In many instances family life is seen as part of the private sphere, at least in relation to working life.

It is also interesting to look at the new Member States and to find out how the compatibility of work and family life is dealt with. For example since 1999 Hungary has set new priorities: citizens have a right to three years of parental leave, and in order to ease labour market re-entry, parents on parental leave enjoy support in education and further training, in addition to their statutory right to return to their workplace. Total unemployment among females is, on the one hand, lower after the *Wende* (political turnaround), but, on the other hand, rising again after maternity leave and among the over-40-years-olds. Experiences of a hotline for women discriminated against in work life show that 75% were discriminated against because of their childcare duties. It is a fact that 60% of women are interested in reconciling work and family duties. The objectives of Hungarian family policy are winning over social partners, influencing public opinion, overcoming legal and economic obstacles by amending



the Labour Laws, and promoting best practices. Other concrete measures include the Family-Friendly Business Award since 1999 and the adoption of European Work & Family Audits[®], which have been carried out by the Ministry for Employment Policy and Labour Issues since 2003.

On the level of local policies we should mention the *Audit Familien- und Kinderfreundliche Gemeinde* ('Children and family-friendly community'), which was introduced in Austria in 2003 by the Federal Ministry for Social Security, Generations and Consumer Protection.

Similar to the auditing process in an enterprise, with the aid of a field of action matrix the family- and children-friendly measures already available in the community are determined. Based on this 'actual status' the community (municipal council) defines the 'target status', which shows the standard of family- and children-friendliness which the community wants to reach by means of appropriate strategies of change and development within three years. After the positive evaluation of the audit process by an independent consultant the community receives the base certificate. After the positive evaluation after three years the community receives the certificate 'Audit Family- and Children-friendly Community' (*Audit Familien- und Kinderfreundliche Gemeinde*).

In the following fields of action the family- and children-friendliness of communities is determined and further developed:

- Advice: e.g. education, schooling, marriage and partnership, sex and pregnancy
- Care facilities: e.g. places in care facilities, afternoon care facilities for children of working parents, family support in distress situations
- Healthcare: e.g. medical care, preventive medical check-ups, home healthcare
- Self-help and social networks: e.g. mothers' groups, playgroups, meeting points
- Education: e.g. education counselling, library, further training courses for young people
- Work and economy: e.g. possibility of part-time work, flexible working hours, support for re-entry after parental leave, reduction of working hours
- Leisure time/culture/sports: e.g. events, care during events, holiday programmes, club life
- Housing and surroundings: e.g. housing space for young families, safe public buildings, close-by shopping facilities
- Mobility and traffic: e.g. demand-based public transport, support of safe transport of children, encouragement of car pools



2. Conclusion

As accepted by the Member States in the European Councils in Lisbon and Feira, fighting poverty and social exclusion is one of the elements in the modernisation of the European social model. The objectives of the EU inclusion strategy were agreed by the Member States at the Nice European Council in 2000. Within the EU inclusion strategy, under objective 4, all the relevant bodies should be mobilised to combat poverty and social exclusion. The objective is further specified as promoting dialogue and partnership among all relevant bodies, public and private, for example:

- by involving social organisations, economic federations, companies, politicians, administrators and citizens, according to their respective areas of competence, in the fight against the various forms of exclusion;
- by encouraging the social responsibility and active engagement of all citizens in the fight against social exclusion;
- by fostering the social responsibility of business.

By promoting these three objectives, German policy in the context of the 'alliance for the family' model is coherent with European inclusion strategy. The aim of the policy is to reconcile work and family life through co-operation and partnerships among all relevant bodies at local and regional level. Co-operation and interlinkage can generate innovative approaches to the topic and multi-dimensional actions for those at risk of exclusion if they really are included in the process. Incorporating all the actors involved in the problem concerned means that there is great certainty that all of the key aspects are recorded and holistic solutions to the problems become possible. Promoting alliances at the local level also makes it possible to involve the relevant target groups such as working parents, single parents, migrant families, unemployed persons, old people etc. The Work & Family Audit[®] as one part of the policy offers a suitable instrument to foster the social responsibility of businesses.

The change from a welfare society to a civil society is accompanied by a functional change of government action, as a result of changing demands on government regulation. The role of an active and moderating government is gaining importance and is connected with a revalorisation of co-operative, negotiation-orientated and participative forms of policy as opposites of hierarchical forms of government regulation. This change of political outlook finds its equivalent at the local level. On the whole this is also an issue of redistributing social duties between state and other bodies like business and civil society. Given the in-



creasing complexity of social problems, governmental regulation often fails to solve them. New, overlapping constellations of actors enable new problem-orientated and flexible forms of decision-making and problem-solving. This also revalorises the public and civil society as a sounding-board for problems related to life-balance, which, in the future, have to be resolved collectively. The same is true at the regional and local levels of action. Local alliances for the family as an integrative action strategy of local family policy have to be interpreted in the light of these developments.

Today, both social and employment policies face new challenges. It is important to define the theme of combining work and family as an issue for society in a comprehensive way. The reason is that the preconditions for a good balance between work and family life are created not only by family policies but to a great extent also by working life.

In companies, efforts need to be made to get work and family issues onto the agenda and make them a permanent part of personnel policy, because it shows the effort is beneficial to both employers and employees. The vast majority of both employees and management in several companies studied, which had dealt with work and family issues, felt that a more balanced relationship between work and family makes it easier for employees to cope with their work, and the workplace atmosphere improves. This makes the company a more attractive place in which to work, with an improved public image if it becomes known for its efforts to support its employees' attempts to balance work and family. Another crucial point from the company's perspective is that putting an effort into the balance between work and family also produces economic benefits: motivated and content employees are the most important resource the economy depends on in order to flourish.

The population of the EU is characterised by three main features: slow growth, increasing immigration and demographic ageing. The fertility level can be considered an important component of the future of European societies, which rely heavily on intergenerational solidarity. The continuity of the social protection system is based on two conditions that were once fulfilled – namely an increasing population (or at least a non-decreasing population) and the predominance of families with sufficient caring capacity – but have considerably changed in recent times. When debating future problems caused by declining fertility rates throughout Europe, we have to take into account that, though the number of births has decreased during the last few decades, the total population growth



rate has increased in all EU Member States. This shows how important it is to consider immigration as a crucial factor in the debate about the sustainability of human capital.

There is a range of international instruments and agreements relating to the reconciliation of working and family life, in particular in the context of the United Nations, the Council of Europe and the International Labour Organisation. In the light of Article 141(3) of the Treaty establishing the European Community, it is important to protect both male and female workers exercising rights relating to paternity, maternity or to the reconciliation of working and family life.

Both men and women, without discrimination on the grounds of sex, have a right to reconcile family and working life. It is therefore necessary to make every effort and to promote specific measures, as well as the respective accompanying and evaluation measures, in particular by means of appropriate indicators, to bring about the changes in structures and attitudes which are essential for the balanced participation of men and women in the family and at work



Appendix

Standard benefits and tax concessions relevant to family policy in Germany

1. *Important benefit elements which contribute to the equalisation of family burdens*

Family allowance (*Kindergeld*)

The family allowance is paid for all children up to the age of 18. This period is prolonged to the age of 27 for children undergoing training and to age 21 for children without a job. There is no age limit for handicapped children who are unable to earn their living. Family allowance is not income-related and is awarded in the form of a tax refund. In certain instances, parents who are not subject to unlimited income tax liability are paid their family allowance as a monthly social security benefit. The family allowance is usually paid out by the local family cash desks at the labour office. It is paid to the person who has the care of the child (e.g. in the case of single parents), and is funded by the Federal Government (74%) and the *Länder* (26%).

Child-raising allowance (*Erziehungsgeld*)

Mothers or fathers who take care of their newly-born child themselves receive a child-raising allowance of up to €300 per month, up to the end of the child's 24th month of life. An alternative offer is the payment of a child-raising allowance in the form of a budget of up to €450 per month until the child's first birthday. While in receipt of this benefit, parents are entitled to work up to 30 hours a week. The child-raising allowance is income-dependent. In the first six months after the child's birth, parents receive the full rate of €300 and/or, in case of the budget payment, €450 per month if the overall net annual income does not exceed €30,000 (married couples with one child) or €23,000 (single parents). Parents who exceed this income ceiling do not qualify for child-raising allowance. Child-raising allowance is gradually reduced from the child's seventh month of life onwards, for parents with one child who have an annual income exceeding €16,500, or €13,500 in the case of single parents. The income ceiling rises by €3,140 in each case with the second and every additional child born in the family. Child-raising allowance is generally reduced by the amount of maternity allowance that the statutory health insurance fund grants to female employees following childbirth. This benefit is wholly funded by the Federal Government.



Parental leave – (formerly known as child-raising leave – *Erziehungsurlaub*)

Gainfully employed mothers or fathers are entitled to take parental leave up to the child's third birthday. This now also applies to full-time foster parents. Parents can take parental leave separately or simultaneously for the whole or for a limited period of time. Parental leave is considered separately for each parent. Furthermore, with the consent of their employer, parents are now allowed to postpone up to one year of parental leave, to the period between the child's third and eighth birthday. During parental leave, a parent may work for up to 30 hours a week. Moreover, parents are, in principle, entitled to do part-time work during the period of parental leave in cases where the employer has more than 15 employees.

Maternity allowance (*Mutterschaftsgeld*), employer's contribution

During the period of maternity protection – six weeks before and, as a rule, eight weeks after the birth of the child – gainfully employed women are granted maternity allowance. Mothers who are insured with the statutory health insurance receive up to €13 per day. The difference between the €13 and the women's average daily net income is paid by the employer. This difference is also paid to gainfully employed mothers who are not members of the statutory health insurance fund. The statutory health insurance funds, the employer and the Federal Government fund this benefit.

Advance child maintenance payment (*Unterhaltsvorschuss*)

The advance maintenance payments cash desk comes to the assistance of single mothers and fathers if the other parent fails to make his/her maintenance payments (€106 to €145 monthly). Advance child maintenance payments are paid for a maximum of 72 months; however, the maximum age limit is 12 years. One-third of the cost is paid by the Federal Government, the remaining two-thirds can be split by the Federal *Länder* between themselves and the municipalities.

Supplementary child allowance (*Kinderzuschlag*)

A supplementary child allowance of €140 per child will be introduced with effect from 1st January 2005. Parents will be eligible if their children live in the household, are under 18 years of age, and if the parents are also receiving family allowance for them. The parents must possess either an income or property which covers their personal needs. The latter will be calculated according to Unemployment Benefits II. Should the parents' earned income exceed their personal needs, the supplementary child allowance is reduced by seven euro



for every ten euro which the parents earn in excess of their needs. In other words, only 70% of the earned income is taken into account. However, the parents' income and property may not exceed a certain maximum value. If the parents earn so much that they would be able to pay for their children's upkeep and their own, they are not entitled to a supplementary child allowance. The child's own income, such as child maintenance, advance child maintenance or orphan's benefit, also has the effect of reducing the supplementary child allowance. The supplementary child allowance is a family benefit. Consequently, it is logical for it to be regulated by the Federal Child Benefits Act and paid by the Family Benefits Department (*Familienkassen*) which already have a record of the children for whom the person is receiving family allowance. The details of the procedure are still in the pipeline; persons entitled to family allowance will be informed in due time. The payment of the supplementary child allowance is limited to a period of 36 months. By 31st December 2006, the Federal Government will have a report available on the impact, as well as on further developments of the supplementary child allowance, should these become necessary.

Assistance for education (*Ausbildungsförderung – BaföG*)

Vocational Training Allowance under the Social Code Book III (*Berufsausbildungshilfe nach dem SGBIII*) – Employment promotion

Housing allowance (*Wohngeld*)

Child allocation under the Home Ownership Benefit Act (*Kinderzulage nach dem Eigenheimzulagengesetz*)

Statutory pension insurance

- Child-raising periods

Mothers or fathers born from 1921 onwards in the old federal states (*Länder*), and from 1927 onwards in the new federal states, have their child-raising periods credited as periods of mandatory contribution to the statutory pension insurance, which either makes them qualify for or increases their pensions. These child-raising periods are credited ('additively') in addition to existing, simultaneously running, contribution periods (e.g. on account of gainful employment) – up to an annually adjusted ceiling which applies to the entire statutory pensions insurance.



- Upgrading of pension expectancies accrued during the parental period
In order to cushion the impact, in pension law terms, of low incomes subsequent to the three-year child-raising period, the accrued pension rights of persons bringing up children who, while gainfully employed during the first ten years of the child's life (parental period), earn a below average salary, for example because they work part-time, owing to their child-raising tasks, are upgraded for the purposes of pension calculation. This upgrading applies to parental periods from 1992 onwards, which means they can also qualify a carer for upgrading if the children are born in the 10-year period before 1992. From the child's fourth year of life onwards, the pension contributions of these child-raisers are upgraded by 50% to a maximum of 100% of the average income. Consequently, child-raisers with an income amounting to two-thirds of the average earnings acquire the same pension claims as average-income earners.
- Survivors' pensions
Since 2002, child-raising tasks are also reflected in the amount of a survivor's pension.

Statutory health insurance

Under the statutory health insurance scheme, which covers some 90% of the population of the Federal Republic of Germany, members' spouses and children are co-insured free of charge, unless their monthly income exceeds €340 each. Affiliated family members enjoy individual insurance exempt from contributions. Their claims to services are, except for substitute wage payments, largely identical to those of the members.

2. Important components of the principle of the equalisation of family burdens by tax relief

Tax abatements for dependent children and childcare (*Kinderfreibetrag und Betreuungsfreibetrag*)

Childcare costs

Furthermore, an allowance of €1,500 will be granted for proven childcare costs resulting from the pursuit of paid employment in the case of children under the age of 14, if these childcare costs exceed €1,548. In the case of single parents who receive half of the tax abatements for childcare and education or training, the childcare cost allowance will cover proven costs of more than €774 and



can rise to a maximum of €750. “Resulting from the pursuit of gainful employment” means that either the single parent, or in the case of married couples both parents, must be gainfully employed.

Mini-jobs in private households

As so-called services, mini-jobs in households receive special promotion in the form of a tax abatement for household employment, that is the use of household services in a domestic household. Household services include taking care of children, sick people and people in need of long-term care. This makes it easier and more economical for persons to employ a day-care mother.

Tax abatement for the education of dependent children (*Ausbildungsfreibetrag*)

Tax credit for single parents (*Entlastungsbetrag für Alleinerziehende*)

Maintenance payments (*Unterhaltsleistungen*)

Birth grant (*Geburtsbeihilfe*)

Spousal income-splitting system (*Ehegattensplitting*)

Married couples may choose between joint or separate assessment of their taxes. In the case of joint assessment, which has become the standard, the income of both spouses is added up. To determine the joint tax liability, the joint income is halved and the tax due on the halved income is then multiplied by two. In this way, the basic tax-free allowance for married couples, which is incorporated into the income tax rate, is in fact doubled and the progression of the income tax rate slowed down. This primarily eases the strain on single-income married couples.

State-subsidised capital-covered old-age provision

Since 1st January 2002, the state has been supporting the additional capital-covered old age provision through premiums and favourable tax treatment. Specifically, capital-covered old-age provision is supported via premiums and tax reliefs. It is being continuously built up from 2002 until 2008.

Reference: Federal Ministry for the Family, Senior Citizens, Women and Youth (Bundesministerium für Familie, Senioren, Frauen und Jugend), February 2004



Bibliography:

- Josef Brüderl: Family Change and Family Patterns in Europe, September 2003
Bundesministerium für Familie, Senioren, Frauen und Jugend (Hrg.): Erwartungen an einen familienfreundlichen Betrieb, Berlin 2004
- Bundesministerium für Familie, Senioren, Frauen und Jugend (Hrg.): Betriebswirtschaftliche Effekte familienfreundlicher Maßnahmen, Berlin 2003
- Bundesministerium für Familie, Senioren, Frauen und Jugend (Hrg.): Lokale Bündnisse für Familie – Wer, was, wie, warum und wo? Informationen zur Initiative. Broschüre, Berlin 2004
- Bundesministerium für Familie, Senioren, Frauen und Jugend (Hrg.): Einnahmefeffekte beim Ausbau von Kindertagesbetreuung. Wesentliche Ergebnisse des Gutachtens des Deutschen Instituts für Wirtschaftsforschung Berlin, Berlin 2003
- European Commission (ed.): The social situation in the European Union 2001. Luxembourg, 2001
- Christiane Flüter-Hoffmann, Jörg Solbrig: Monitor Familienfreundlichkeit: Wie familienfreundliche ist die deutsche Wirtschaft? *iw-trends* 04/2003
- Anne H. Gauthier: paper prepared for the European Observatory on Family Matters Annual Seminar 2000: 'Low Fertility, Families and Public Policies', Sevilla (Spain), 15-16 September 2000
- Ute Klammer, Christina Klenner: Family Policy and Workplace Provisions: Conflicts and Potentials. The Case of Germany and Beyond. ESPAnet Conference 2003 Changing European Societies – the role for social policy, Copenhagen, 13-15 November 2003
- Ute Klammer: Flexicurity in a life course perspective, Institute of Economic and Social Research (WSI/Hans Böckler Foundation), Düsseldorf 2003
- Resolution of the Council and of the Ministers for Employment and Social Policy: meeting within the Council of 29 June 2000 on the balanced participation of women and men in family and working life (2000/C 218/02)
- Minna Salmi: Paper in the ESPAnet Conference 'Changing European Societies: The Role of Social Policy' Copenhagen 13-15 November 2003
- Stefani Scherer: Literature Review for the CHANGEQUAL Network, Work and Family, July 2003
- Renate Schmidt, Liz Mohn (Hrg.): Familie bringt Gewinn, Verlag Bertelsmann Stiftung, Gütersloh 2004
- Dr C. Katharina Spieß, Dr Jürgen Schupp, Markus Grabka, M.A., Dr John P. Haisken-De New, Heike Jakobeit, Prof. Dr Gert G. Wagner: Abschätzung der Brutto-Einnahmefeffekte öffentlicher Haushalte und der Sozialversiche-



Träger bei einem Ausbau von Kindertageseinrichtungen. Gutachten des Deutschen Instituts für Wirtschaftsforschung Berlin im Auftrag des Bundesministeriums für Familie, Senioren, Frauen und Jugend, Berlin im August 2002, Band 233

Websites:

http://europa.eu.int/comm/culture/index_de.htm
http://europa.eu.int/comm/employment_social/eoss/index_en.html
www.beruf-und-familie.de
www.bmfsfj.de/Politikbereiche/Familie/familie-und-arbeitswelt/
www.bmsg.at
www.famwork.info
www.lokale-buendnisse-fuer-familie.de
www.oif.ac.at/
www.peer-review-social-inclusion.net/

Statistics:

www.sozialpolitik-aktuell.de
www.gesis.org/en/social_monitoring/social_indicators/EU_reporting/eusi.htm