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## Money, votes or 'good' ideas? Partisan politics and the effectiveness of the European Employment Strategy in Austria and Ireland\*

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**Abstract:** The aim of this paper is not only to assess whether the European Employment Strategy (EES) has had an impact on national labour market reforms, but to also evaluate the effects of partisan politics on the EES and vice versa. After establishing three causal mechanisms through which the EES may have an effect on domestic reforms, this paper carefully traces the institutional evolution of activation and childcare policy in Austria and Ireland. It is argued that the EES has been effective in amplifying and accelerating the introduction of early interventions and case management in Austria, while even triggering such developments in Ireland. In both cases, partisan actors were willing to embrace, if not strategically utilize, the EES to issue and legitimize such changes. At early stages, money offered through the European Social Fund was also critical in initiating such programmatic changes. The introduction of public childcare, in turn, was opposed by conservative politicians in both countries throughout the late 1990s and early 2000s. Only after the launch of the Barcelona summit, which established hard targets for childcare places, governments gradually began to seek a politically viable compromise, acceptable to conservative political actors. Such a compromise was built on simultaneously expanding public childcare places and universal child benefits. While the former satisfies progressive actors and voters, the latter allows mothers to stay at home (at least part of the time) and thus strengthens traditional family values. This compromise became possible only due to the EES and associated targets, which increased political awareness, offered a benchmark, empowered societal actors, and – perhaps most importantly – softened the categorical resistance of conservative politicians to the provision of public childcare.

**Keywords:** welfare state; political parties; europeanization; open coordination; Austria; Ireland; political science

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## 1. Introduction

When the European Employment Strategy (EES) was launched in 1997, academics and policy makers alike were split into those who believed the EES was going to be an ineffective “add-on” to European treaties and those who hoped it would be an innovative tool for policy learning (1). For the sceptics, the EES was ineffective as it was neither legally binding nor enforceable through sanctions. The EES was merely political window-dressing and a compromise on the lowest common denominator as the member states had failed to agree on “hard” directives or regulations (e.g., Casey and Gold 2005; Lodge 2007; Schäfer 2005). For the proponents, in turn, the EES was an innovative tool for policy learning as it offered a treaty-based, institutionalized, and contextualized forum in which policy makers, national experts, and civil society actors could exchange ideas about institutional alternatives, regularly benchmark national programmes, and develop a set of indicators and goals with which welfare state policies and their strengths and weaknesses became more transparent (e.g., Hemerijck 2007; Zeitlin 2005; 2009).

More than ten years later, the support for and critique of the EES remains persistent. This is not surprising given the difficulty in generating reliable conclusions about the effectiveness of processes based on the Open Method of Coordination (OMC). The difficulty lies in the fact that a causal story of the kind, X (the OMC) causes Y (welfare reform) is based on the interpretation of the social-learning and policy-diffusion process that links X with Y. Offering such linkages is methodologically problematic as the causal variable X cannot be isolated from other (ideational) factors, such as the domestic trial-and-error learning processes or policy-diffusion mechanisms through other international organizations (cf., Hemerijck 2007; Zeitlin 2009). The problem lies also in the fact that observers and participants have reasons to downplay the effects of the OMC (as policy makers want to “claim credit” for their policies) or exaggerate its impact (e.g., when the interviewed actor’s job hinges on the continuation of the OMC). In either case, the data collected through interviews may lead to biased results.

What is surprising, however, is that in most of the literature those actors opposing or supporting the EES are typically treated as apolitical in the sense that their ideological predispositions are not accounted for analytically. They are either introverted, “rational” actors, who are able to unambiguously weigh programme costs against benefits (as assumed by many critics) or altruistic “problem-solvers” who are open to any “good” idea that presents itself (as assumed by most supporters). Rarely, however, these actors are seen as ideologically preordained politicians, who might have a genuine interest in importing some, while rejecting other messages proposed by the EES. Omitted is thus precisely if, and if so how, partisan concerns and considerations filter the EES’s messages, targets and recommendations. This paper seeks to correct this shortcoming as it not only asks whether the EES has had an impact on domestic reform efforts and outcomes, but also how partisan politics have “conditioned” such effects in two country cases, namely Austria and Ireland. By doing so, the paper sheds light on a previously underexplored variable, while also focusing on two countries that have mainly been outside the limelight of OMC studies.

The remainder of this paper is structured as follows. First, a theoretical section specifies causal mechanisms as to how the EES could have an impact on national reform efforts, derives expectations about the effects of partisanship on these mechanisms, and briefly elaborates on the case selection. Second, a brief overview of the contents of two major EES reform themes follows, including the concept of activation and the public provision of childcare to foster a gender neutral labour market. The empirical analysis of the two country cases constitutes the paper’s third and main part in which the effects of the EES’s activation and childcare recommendations are carefully traced and evaluated. A succinct conclusion summarizes the findings.

## 2. Theoretical considerations, causal mechanisms, case selection

Demonstrating if, and if so how, “soft” methods such as the EES have an impact on policy makers’ choices is a difficult task. It requires that we not only carefully identify and trace relevant processes of institutional change, but also try to offer a plausible, if not probable, account how these changes came about politically. In an attempt to simplify a complex reality, I focus on three causal mechanisms through which the EES could have an impact on national reform efforts and outcomes. All three mechanisms are highly sensitive to partisan considerations and ideological predispositions, potentially but not automatically intensifying or downsizing the EES’s impact. In this paper, the EES is considered “effective” if it can be established that it was a critical factor in accelerating, amplifying or even triggering national institutional changes in line with European prescriptions. In this sense, the EES can be effective through at least three (interrelated) mechanisms: material (money), strategic (votes) and ideational (“good” ideas).

Material effectiveness is given when funding associated with the EES – mainly the European Social Fund (ESF) – is a crucial factor for the creation, continuation or expansion of public programmes. As the ESF is much older than the EES, it is – strictly speaking – not an integral part of the EES. In practice, however, the ESF has increasingly been linked up with EES’ goals and ambitions and has become the EES’s principal financial tool. While ESF money is generally spend to reduce structural, intra-EU disparities, in the context of the EES, ESF money has mainly been focused on “upskilling” jobseekers and workers and assisting “marginalized” groups in gaining labour market attachments. The EES is thus expected to have an impact on national reforms as it provides additional, earmarked funding and thus has the potential to generate or sustain the political will to invest in certain labour market programmes (see also López-Santana this issue).

Strategic effectiveness in turn refers to situations in which political actors can utilize the EES to advance their own agendas. Also here, EES effectiveness does not presuppose that “learning” has taken place, but rather that certain actors, may these be politicians, civil servants, social partners or NGO representatives, can utilize the EES discourse, targets or forums to push a government to change policy in line with their preferences. Through naming, shaming or faming, the EES can thus be used as a “lever” (Visser 2005), an “ideational weapon” (Blythe 2002), or justification for policy changes with which certain actors can alter the institutional status quo, mostly by creating political awareness and thus affecting the electoral fortunes of an incumbent government. Hence it is the prospect of winning/losing electoral support that motivates incumbent politicians to (not) follow the guidelines and recommendations of the EES.

Last, ideational effectiveness goes to the heart of what the EES should be capable of delivering, i.e., providing a context to socialize and to learn from others (interview, EMCO) (2). The underlying idea for most supporters of the EES is that it allows policy makers to (more easily) access new insights to shared problems. This can then trigger a reassessment of (long-held) cognitive and normative beliefs, leading to the recalibration of existing instruments or the introduction of institutional alternatives. This is also to say that the ideational effectiveness of the EES needs to be measured with respect to its impact on the materialization of alternative “strategies for action” (source of inspiration, Parsons 2003: 7f). Establishing ideational effectiveness is most convincing if

- (a) institutional changes have occurred in absence of monetary support and despite (previous) ideological opposition on part of the governing political party(ies), and
- (b) if a similar institutional outcome has been approximated in a diverse set of cases with very different institutional settings and economic and social contexts (cf., Zeitlin 2009).

The following table summarizes the different forms these causal mechanisms can take, through

what ways they function, and what their potential effects are on partisan actors' ideological positioning.

Table 1

In order to assess the analytical value of these proposed mechanisms, Austria and Ireland have been selected as two exemplary cases. Austria and Ireland are ideal cases not only because they are “least likely” cases for the adoption of public childcare strategies due to their large Catholic electorates, which strongly favour the traditional male breadwinner model (73.6 per cent in Austria and 87.4 per cent in Ireland are Catholic, according to the CIA World Factbook), but also as they are “most dissimilar” in almost all their welfare and production regime aspects. More specifically, Austria is typically associated with the “continental” world of welfare and classified as a coordinated market economy, while Ireland is often seen as a “liberal” welfare state and liberal market economy (e.g., Hall and Gingrich 2004; Ludwig-Mayerhofer and Wroblewski 2004). Likewise, Ireland's economy has been rapidly growing in recent years, but started out with very high levels of unemployment during the early 1990s. Austria, on the other hand, has been outperforming most other European economies during the 1990s, but has seen a steady rise in unemployment during the early 2000s. Finally, while Ireland has been characterized by continuity in government – a centrist coalition government between the centrist Fianna Fáil (FF) and the market-liberal Progressive Democrats (PD) has been in office uninterrupted since 1997 (since 2007 also with the Green Party) – Austria has seen great instability, switching from a grand coalition between the Social Democrats and the Christian Democrats, to a Christian democratic/populist-right coalition government (2000-2006), back to an (unstable) grand coalition in 2006. Hence, these two countries have not only largely escaped the focus of academic attention on the effectiveness of the EES – which makes them already interesting cases – but also provide a rich context in which the effects of the above outlined causal mechanisms can be assessed.

### **3. EES targets – activation and childcare** ↑

As described in much more detail in this volume's introduction (see Kröger this issue), the goal of the EES is to provide “alternative strategies of action” or “institutional alternatives” which are hoped to be provided and encouraged through a number of interrelated steps, “starting from a joint diagnosis of a problem, a shared commitment to solve this ‘problem’ via setting Europe-wide guidelines, the identification of ‘good practices’ and (qualitative and quantitative) indicators for benchmarking purposes, the preparation of [national reform plans, so-called NRPs], the implementation of these [NRPs] and, finally, the periodic evaluation of national efforts” (Lodge 2007, 346). In this study, I will therefore evaluate the effectiveness of two such guidelines with great institutional consequences, including guidelines on labour market activation and state-led childcare provision, potentially challenging key constitutive elements of a country's welfare state and production regime type. This is to say, as the institutional adaptation required to attain these two guidelines requires the mobilization of substantial (financial) resources, while potentially triggering societal resistance, these core elements of the EES are “hard” cases for any test of a “soft” method.

More specifically, the first guidelines on the implementation of a preventative and employability-oriented strategy (Guideline 1 & 2 (1997-2002) and Guideline 1 (2003ff)), aim at institutionalizing the early identification of individual needs and ensuring that young/long-term unemployed persons are offered a new start in the form of training, retraining, work practice, a job or other employability measure after six/twelve months respectively. Moreover, Guideline 3 recommends shifting people from welfare dependency to work and training by increasing the number of unemployed people in active labour market policy (ALMP) measures, gradually achieving the average of the three most successful member states, and at least 20/25 per cent (Guideline 3 1997-2002/2003 respectively).

Likewise, the EES promotes the goal that all member states should actively support the employment of women, both by improving access to day-care services and by facilitating

return to work after childbearing (Guidelines 1997-2002). Subsequently, these goals were further specified by the 2002 Barcelona European Council, which enshrined the goal of providing access to childcare to 90 per cent of all children between three years of age and the mandatory school age, as well as to at least 33 per cent of children under three years of age by the year 2010. These targets then became also part of the 2003 Guidelines (for more details on the evolution of the European childcare discourse, see also Radulova this issue).

## 4. The case studies

### 4.1. Activation in Austria: From laggard to vanguard state?

Active labour market policy in Austria finds its roots in the Labour Market Promotion Act (Arbeitsmarktförderungsgesetz, AMFG) of 1968. Despite this early start, Austria's use of ALMP remained at first rather modest in international comparison. This situation did not significantly change, even during the mid to late 1980s, when a variety of new instruments such as the Aktion 8000 – creating employment opportunities of communal benefit for disadvantaged groups – and employment foundations (Stiftungen) – providing counselling, placement assistance, training, etc. for displaced workers – were launched. Rather than being an intervening instrument strategically used by the federal government, these ALMP were mainly organized as a localized, “bottom-up” approach (Zauner 2006: 206). Only when the Austrian public employment service – the Arbeitsmarktservice (AMS) – was separated from the Ministry in 1994 and organized as a semi-public, tripartite agency, Austria's approach to ALMP became more “top-down” in the sense that the respective ministry would formulate broad labour market objectives to the AMS, which were then translated into qualitative and quantitative targets to be reached by regional and local AMS branches. Programmatically, the AMS's main reorientation lay in focusing more strongly on job placement, improved customer service and stronger collaboration with employers. These organizational changes went hand-in-hand also with raising concerns – mostly by right of centre political actors – about “welfare abuse” and a too passive labour market policy orientation in general (Atzmüller 2009: 163ff).

This change in mood was quickly amplified when Austria joined the EU in 1995, and “especially after the EES had first been implemented [...] the EU became an important force in the shaping of labour market policy” (Ludwig-Mayerhofer and Wroblewski 2004: 493). The EES played an important role in at least two ways. On the one hand, the financial means available through the ESF – which accounted for almost 1/3 of Austria's budget for ALMP during the mid to late 1990s – functioned as an important “amplifier” toward a more “preventative” orientation (interviews, BMWA1, CDA, IHS-1). Moreover, the ESF quickly became an important source to also co-finance and expand measures for the most disadvantaged jobseekers, including employment services offered through socio-economic firms or counselling and training services offered by placement foundations (interviews BDV, WAFF). On the other hand, the guidelines agreed upon in the EES – and since 2000 the overarching goals of the Lisbon Agenda – have become the guiding framework for the workings of the ministry and the AMS (interviews, AK, AMS, BMWA1). Accordingly, already Austria's very first NAP translated the EES Guidelines into quantified targets for the time period until 2002, including:

- Halving the drift of under-25s into long-term unemployment;
- Halving the drift of unemployed adults into long-term unemployment;
- Ensuring that 20 per cent of the unemployed participate in a measure for (re-)entry into the labour market (Government of Austria 1998: 14).

Since then, activation has become a “buzzword” (interview, BMWA1) and reaching these targets has increased the pressure on the AMS/the government to deliver results (interview, IHS-2). Accordingly, all official reports (AMS business reports, the BMWA annual reports, subsequent NAPs) have made reference to these targets, which have become the key operational benchmark for the government and other stakeholders. Perhaps more tellingly, the

reorientation in Austria's labour market policy also led to significant increases in the budget for ALMP. Within a few years, the Social Democratic (SPÖ), Christian Democratic (ÖVP) coalition government more than doubled the overall expenditures for ALMP from some € 250 million in the early 1990s to € 641 million in 2000 (cf., Ludwig-Mayerhofer and Wroblewski 2004: 494).

This upward spending trend was subsequently shortly interrupted when a new centre-right/populist coalition government between the ÖVP and the populist Freedom Party (FPÖ) took office in 2000. These parties had been elected into government based on a “zero-deficit” campaign, which led them to freeze the budget for ALMP despite the international economic downturn following the burst of the “dot.com bubble” and the “September 11” terrorist attacks (Die Presse: 2002a). Not surprisingly, the ambitious targets set by the previous government were slightly missed in 2002 and the direction of ALMP somewhat recalibrated. While the number of participants in training measures grew in absolute terms, the duration and quality of these measures declined as “shorter” measures trumped high-quality, qualifications-oriented further education courses (interview, AK). Generally speaking, even though there was no overly dramatic “course correction,” it became apparent that a different tone and direction had been taken. The new government's focus was less on equity concerns and more on programme efficiency and effectiveness. However, when intra-coalitional quarrels necessitated new elections in the fall of 2002, unemployment in general and the record level of youth unemployment in particular had become a key electoral issue. Not surprisingly all political parties promised to address unemployment, and once re-elected, the ÖVP-FPÖ government increased the budget for ALMP by some fifteen percent (about € 100 million). As in 2000, the new government programme explicitly referenced the EES and reassured that the EU targets on employment remained a “top priority” (cf., Regierungsprogramm 2000; 2003). In addition to budget increases, the populist-right coalition government also further tightened jobseekers' “suitability criteria” and increased the use of sanctions, which were hoped to make the labour market more flexible.

Despite these institutional changes and a general economic upturn, unemployment continuously grew throughout the ÖVP-FPÖ's second term. In the light of approaching elections, the government promised yet again to increase expenditures for ALMP – now exceeding € 900 million – and to retain higher levels of spending for the subsequent years to make longer-term planning feasible (Die Presse 2005b). Accordingly, in September 2005, the government approved an about one-third increase in ALMP expenditures, which mainly targeted young jobseekers, women and older persons (AMS 2006: 12; Die Presse 2005a). After the elections in the fall of 2006, in which the SPÖ emerged as the strongest party, the new SPÖ-ÖVP coalition government also promised to keep the higher expenditures for ALMP intact (Wirtschaftsblatt 2006b). Put differently, by 2006, an “active” labour market had become fully internalized and both mainstream political parties utilized budget increases as a means to garner voters, often also referencing the EES and its employment targets. While differences between parties persisted, they were limited to spending priorities and programme details without questioning Austria's overall reorientation and transformation.

In sum, even though there was a consensus among the interviewees that the EES did not trigger these changes, most observers confirmed that the EES discourse and associated targets had amplified and accelerated these developments, hence corroborating the EES's strategic and ideational effectiveness (cf. also Atzmüller 2009: 166). The material effectiveness, in turn, has declined over time in relative terms. Nonetheless, ESF funds have remained an important financial source for the successful continuation of various, more equity-oriented programs (interviews, BDV, WAFF).

#### **4.2. Activation in Ireland: Cutting edge without compulsion? ↑**

The 1960s were a crucial decade also in Ireland as constitutive elements of the Irish labour market policy regime were introduced. Due to substantially higher levels of unemployment, the Irish – in contrast to the Austrians – significantly expanded their use of a wide variety of

mainly voluntary ALMPs throughout the 1970s and 1980s (O’Connell and McGinnity 1997; Sexton and O’Connell 1996). However, despite their growing importance, Irish ALMP lacked an overarching strategy as various instruments were offered by a variety of actors and supervised by a multitude of departments (cf., Weishaupt 2008). ALMPs were also rather passive in the sense that many benefit recipients were never called into the Irish employment offices (as of 1987 called FÁS), they were not used as “availability” tests, and sanctions were hardly ever applied (3).

This passive orientation dramatically changed in September 1998, when a new coalition government between the centrist FF and the market-liberal PD swiftly launched their comprehensive Preventative Strategy. The core element of the Preventative Strategy was to “tighten the screw” for young benefit claimants by introducing more stringent job-search requirements (interview, UCD), while also introducing a systematized, client-centred approach (Burke 2006: 2). From then on, all jobseekers under the age of 25 would receive a letter from the Department of Social and Family Affairs (DSFA), inviting them for an interview to FÁS, after a six-month spell of worklessness. During this interview, jobseekers’ suitability for job vacancies or active labour market measures was assessed, an individual action plan drawn, and referrals to Jobs Clubs or a Local Employment Service (LES) centre made. This Preventative Strategy was, to a large extent, a direct “response to Guideline 1 of the EES, which committed Ireland to assist the unemployed after a certain period by offering them a job or an employability support” (O’Donnell and Moss 2005: 323). This assessment about the importance of the EES by Rory O’Donnell, director of the National Economic and Social Council (NESC), was corroborated also in a wide variety of interviews with involved actors close to the policy making process (interviews, DETE, FÁS, ICTU, UCD). Other actors further argued that the EES provided a political lever and outside legitimacy to civil servants in the Department for Enterprise, Trade and Employment (DETE), who had been eager to first introduce such a scheme (interview, CDI).

When subsequent studies confirmed the effectiveness of Irish activation policy (O’Connell 2002) – despite its “soft” character (4) – it reached wide-spread acceptance. Accordingly, the Preventative Strategy was gradually extended to all other jobseekers aged 18 to 64 and the activation threshold was reduced to three months (FÁS 2006: 49; Weishaupt 2008: 295ff). In 2006, unemployment benefits and unemployment assistance schemes were renamed Jobseeker’s Benefit and Jobseeker’s Allowance to further capture the new work orientation in Irish labour market policy.

It is important to note that the Preventative Strategy represents a major policy shift, which is in and of itself, a relatively cheap activation strategy. One observer explained that “all it takes is one stamp” as most recipients of the letter either drop their claims or follow the call and meet with a FÁS adviser to discuss their employment opportunities. However, another, very important element in the FÁS strategy is to offer access to training, education, or “sheltered” work opportunities to those jobseekers who cannot immediately find a job. It is here, where ESF money has played a critical role in at least three ways. First, since joining the EU, Irish policy makers could utilize ESF money to first build, and then expand, their physical infrastructure for the provision of labour market education and training, and improve staff capacity. This support was absolutely crucial for the development of a human-capital generating infrastructure during the 1980s and 1990s. Second, and perhaps more importantly, receiving ESF money required that policy makers were engaged in developing a long-term vision and comprehensive business plan for Irish labour market policy. It was this conditionality to be accountable and well organized that has helped to pave the way for Ireland’s human-capital generating activation strategy (interview, YOUTH). And finally, as in Austria, the ESF has supported – and still supports – special measures that promote equality and help marginalised groups to participate in the labour market, most importantly the Community Employment (CE) scheme.

In sum, while the ESF has played a formative role in Irish labour market policy developments, the ESF’s critical phase predates the launch of the EES. This is not to say that the funding attached to the EES was entirely ineffective. However, of much greater importance were the

EES's ideas based on activation, which were strategically utilized by civil servants to trigger a policy shift, and endorsed – at least with respect to young jobseekers – by the incoming government of 1998. Over time, activation became a politically acceptable instrument also to be applied to all other jobseekers, not only within the government but across the political spectrum. As such, the EES has proven to be effective in triggering significant normative and cognitive reassessments, resulting in a profound repositioning of Irish policy makers and the institutionalization of a new labour market policy regime.

### 4.3. Employment of women in Austria: Part-time only? ↑

Section 4.1 established that the EES may not have triggered, yet reinforced and accelerated a rather dramatic policy shift toward a more active labour market policy regime in Austria. Moreover, the brief review also showed that while partisan differences were present – especially with respect to the use of sanctions – the new orientation based on activation was never questioned. Rather different, however, was the situation with respect to childcare policy that promotes the (full-time) employment of women as ideologically-charged debates early on demarcated the political left from the right.

Generally speaking, it was on the initiative of the SPÖ that the federal government provided small amounts of “seed money” to promote the expansion of childcare facilities during their legislative term from 1995 to 1999 (Obinger and Tálos 2006: 159). The effects of this money were, however, relatively minor – as Conservative-governed Länder would not utilize the federal support (interview, BMWA2) – and childcare places for children under the age of three remained at a very low level (cf., Die Presse 2007b). With the inception of the ÖVP-FPÖ coalition government in 2000, the government redirected official policy toward women. Against the protest of the main opposition parties, including the SPÖ and the Greens (Obinger and Tálos 2006: 165), the centre-right parties introduced a new child benefit scheme, which has been in force since January 1, 2002. The previous, insurance-based parental leave allowance (Karenzgeld) was replaced with a new, universal child benefit (Kinderbetreuungsgeld, KBG), paid as a family entitlement, irrespective of employment history or income (Lutz 2003: 227). While the KBG now covers all women with children – including “inactive” spouses – it is also more generous, paid out longer, and the amount of additionally-earned income allowable under the scheme substantially increased. Through the introduction of the KBG, the government envisioned to financially secure young families with children, and to encourage part-time participation in the labour market by women with young children (Government of Austria 2004: 28). As a result, part-time employment of women as a proportion of total employment increased from 24.8 per cent in 2001 to 31.5 per cent in 2007 (OECD 2008).

Institutionalized childcare, however, became a salient topic only when all EU governments, including Austrian Chancellor Schüssel, declared the goal to expand childcare provisions on the Barcelona Summit in March 2002 (Die Presse 2002b). Subsequent to the Barcelona Summit, the EU's Recommendations for Austria became more specific, and for the first time, it was pointed out that more “childcare facilities” were needed. In 2004, an assessment of the KBG was also urged (Council of the European Union 2003: 28; 2004: 56). The EU's critique was based on expert evaluations that had shown that the new scheme encouraged women to prolong their inactivity (which negatively affects the long-term career perspectives of women), while unemployment among women with small children was also on the rise (Lutz 2003).

Despite the Chancellor's formal endorsement of the Barcelona targets and the urges of the EU, the centre-right/populist coalition government refused to offer any leadership or federal money to support the expansion of childcare. Rather, it defended the KBG as it offered parents the choice to purchase childcare services if needed, while encouraging the expansion of part-time work for women (cf., Die Presse 2006b). The KBG thus offered a pathway toward higher female employment rates, without fundamentally challenging the male-breadwinner model (5). Without doubt, taking such a position was not a great risk electorally. 56 per cent of all male and 43 per cent of all female Austrians still believed that a “good” mother stays at home when

she has children under the age of three (Die Presse 2007d). However, the Barcelona targets provided supporters of childcare expansion a new and quite powerful lobbying tool (interview, WKÖ). Since 2005, not only the Social Democrats but also the Association of Industrialists (IV) have repeatedly called upon the expansion of childcare facilities to reconcile work and family life, promote career opportunities for women and to raise fertility rates. The Austrian labour union federation (ÖGB) has also begun to refer to the Barcelona targets to pressure the government to expand childcare facilities (Die Presse 2006a) – which in 2005 reached only less than nine per cent of all children aged 0-2 (OECD 2006: 274). Not surprisingly, in the run-up to the elections in fall of 2006, the SPÖ declared higher female employment rates and improved childcare provisions as central elements of their campaign (Wirtschaftsblatt 2006a).

When in 2006, the newly elect SPÖ-ÖVP government took office, the ÖVP also started to gradually reassess its categorical resistance to childcare facilities, while increasingly acknowledging and accepting “atypical” family structures. In April 2007, minister for family affairs Andrea Kdolsky (ÖVP) called for a “family summit”, which subsequently met on 29 May. Before the summit, the social partners submitted a joint statement in which they outlined their views on improving the Austrian situation, including a reform of the KBG, more flexible childcare facility hours, and an annual expansion of childcare by 5,000 places (Die Presse 2007a). Based on the discussion during the summit meeting, the government agreed on the provision of € 20 million annually for the creation of more childcare (and pre-school) places during the following three years (Die Presse 2007e) (6). The federal states were obliged to co-finance the expansion with equal amounts of money. In total, the government expected the subsequent creation of in-between 18,000 and 24,000 childcare and pre-school places (Die Presse 2007b). In order to garner the support of more socially conservative Länder – who had to transpose these intentions into action – the political parties agreed on a final compromise in October 2007: federal “seed money” could be used for both, the expansion of childcare facilities, i.e., the SPÖ’s preference, and for the training of non-institutional child minders (Tagesmütter), which was the ÖVP’s preference (Die Presse 2007c).

Also with respect to the controversial KBG, the coalition government found a compromise, namely a higher ceiling for additional income, i.e., it was raised from € 14,600 to € 16,200 (also for single parents, who previously were only allowed to earn € 5,500), and the introduction of three “variants” of a new, more flexible version. The new KBG now offers a 15 months (18 if the other parent, typically the father, also uses the leave option), a 20 (24) months and the original 30 (36) months option, with accordingly adjusted payments (Wirtschaftsblatt 2007).

In sum, the conclusions of the Barcelona summit had little substantive impact on the government’s position during the centre-right/populist coalition. The government’s preferred strategy was to extend family allowances to children 30 months old and younger, and to encourage part-time work, which did increase female employment rates, while not fundamentally challenging the male-breadwinner model (cf. also, Obinger and Tálos 2006). When however the SPÖ made the provision of childcare a key electoral issue in 2006 – supported by the social partners – a moderate breakthrough could be achieved. The recipe for legislative success lay in the combination of elements of the original child allowance (i.e., long, paid labour market exits) with the expansion of both childcare places and funding for child-minders. As such, partisan politics and ideological predispositions still mattered, but the EES and especially the “hard” targets associated with the Barcelona Summit increased the salience of the issue, while improving the lobbying power of the social partners (interviews, AK, WKÖ). While coalition governments are always characterized by compromises, the EES could be used as strategic tool with which the resistance against the expansion of childcare facilities through federal money could be gradually dismantled, at least within parts of the conservative movement.

#### 4.4. Employment of women in Ireland: Childcare and beyond ↑

Like Austria, Ireland is a strongly Catholic country in which the traditional gender roles of

male breadwinners and female caregivers predominate. Ireland is also, however, a very “young” country with a decade-long booming economy. Accordingly, young women have increasingly entered the labour market throughout the 1990s and female employment has grown continuously from below 40 per cent in 1991 to just over 60 per cent in 2005 (cf., OECD 1995; OECD 2008). An often well-educated, and rapidly growing female workforce has undoubtedly not only contributed to the success of the “Celtic Tiger”, but also poses new challenges to policy makers, who face a conservative electoral base, and – at the same time – changing economic currents that require substantial institutional changes. Tackling these competing interests, the centre-right coalition government initially initiated a dual strategy (7). On the one hand, the government altered the tax code in 2000 such that dual income families would be rewarded. This “individualization” of tax bands – which are typically found in the countries of the Nordic regime type (and Austria since 1972) – was received with great resistance by socially-conservative groups, as it directly challenges the male-breadwinner norm (Walsh 2004: 17). Among the opposing actors were not only the main opposition party, Fine Gael (FG), but also the Archbishop of Dublin, the Irish Family Planning Association, as well as many socially-conservative voters (Brennock 1999). Despite the loud opposition, the government did not renege on its decision as they believed that the reforms would advance the economic opportunities of women (interview, UCD). Pushing through tax reforms was also largely in line with the FF and PD’s market-oriented ideologies and thus easier to defend politically.

On the other hand, the government also expanded the provision of childcare places, which however, was much more difficult to accept for the FF’s base. Accordingly, the government initially concentrated its efforts on disadvantaged neighbourhoods, where childcare was seen as an appropriate way to assist low-income families in overcoming their economic hardship and reduce child poverty. The government’s main vehicle to deliver more childcare places was the Equal Opportunities Childcare Programme (EOCP) I (1998-2000) and II (2000-2005). Despite the “targeted” character, the government feared an electoral backlash, which it tried to compensate for by gradually and significantly increasing the provision of universal child benefits. Higher child benefits, so it was argued, offered a “real choice to parents” who were now in a position to either purchase childcare or raise their children at home (finance minister McCreevy, cited in IBEC/ICTU 2005: 27). However, the increase in child benefits was often criticized as it was

- (a) not sufficient to help low income families (the additional € 150 covered only about a fourth of the monthly childcare fees for one child);
- (b) an inappropriate instrument to fight child poverty; and
- (c) stimulated, if anything, demand – in contrast to the supply – for childcare places, which was already high (Timmins 1999).

While the pressure to address the issue of childcare provision developed slowly during the late 1990s, it rapidly gained salience at the turn of the millennium, especially when the ECOP II was about to reach its conclusion. Moreover, international organizations, including the European Commission and the OECD repeatedly stressed throughout the early 2000s that despite the government’s attempt to provide more childcare places, “it was nowhere near the commitment to provide childcare for ‘90% of children between 3 years and school going age and 33% of children under 3 years’” (Government of Ireland 2004: 84).

As women’s labour market participation had dramatically increased during the boom years – growing faster than anywhere else in the OECD world – it became apparent that the participation of women had been a crucial ingredient in Ireland’s economic success story, particularly as women had become well – if not better – educated and trained than men (Sweeney 2006: 11). Women’s rising labour market participation, especially the extremely high participation rate of young women in their 20s, also meant that there was a great potential for an economic backlash when these women would decide to have children in their 30s, thus withdrawing from the labour market and causing major skills shortages in Ireland’s knowledge economy (interview, FÁS). Accordingly employers (and some policy makers) increasingly became interested in addressing issues related to the reconciliation of work and family life,

while the labour unions saw this as an area where they could promote developments toward an expansion of working women's rights. As in Austria, the Irish social partners quickly aligned on this issue and jointly began to lobby the government to make childcare available through public funds (IBEC/ICTU 2005: 1). In 2005, also "more than 20 childcare and children's rights organizations" joined their voices (Holmquist 2005). In short, by 2005, a variety of actors called for the expansion of childcare while also the European Commission had repeatedly urged the government to expand childcare places.

Facing continuous pressure from domestic and international sources to make childcare more accessible also to average-income families, the government committed itself to directly investing in childcare places during the partnership negotiations in 2006 (Toward 2016). Subsequently, the government launched a new National Childcare Investment Programme (NCIP) 2006-2010 as the successor to EOCP II with the target to produce an additional 50,000 childcare places by 2010. While the NCP will directly create 5,000 after school, and 10,000 pre-school education places, the main bulk of the new childcare places are envisioned to be created by private and voluntary sector actors, who can apply for large monetary grants toward the capital costs of developing a childcare facility. Grants are also offered to individual or group child minders who offer childcare services in their homes. The NCIP therefore marks an important departure from the EOCP I and II, as it is an explicit attempt to directly invest in the creation of childcare places and to improve the reconciliation of work and family life of average families, going beyond the previous areas of economic disadvantage (interview, NESO). In order to make childcare also more affordable, the NCIP included a new entitlement to parents with children under the age of five and a half. This new Early Childcare Supplement is a direct and tax free payment to parents, amounting some € 1000 per year, automatically paid to all parents receiving child benefits.

In sum, the FF-PD government tried – just as Austrian policy makers did – to find a compromise that would be acceptable to proponents of both the male and the dual breadwinner model. By committing to expand the availability, affordability, and quality of childcare places and simultaneously expanding child benefits and introducing a new supplement (available irrespective of employment status), the government hoped to satisfy the electoral concerns of their socially-conservative Catholic constituency and address the concerns/recommendations of employers, unions, childcare organizations, and the EU alike. While perhaps only few politicians truly reassessed their ideological position on childcare as a result of the EES, the EES was again effective as a strategic tool. In other words, armed with the hard EU targets on childcare and backed with numerous requests by the EU to address the lack of affordable childcare in Ireland, socially progressive actors were eventually successful in pressuring the government to react on their positions.

## 5. Conclusions

This study shows that the EES has been effective to a varying extent in the fields of activation and childcare, but similar across the two country cases. In Austria, the EES has reinforced, while in Ireland the EES has even triggered institutional changes aimed at "activating" the unemployed through earlier and more systematic interventions. In both cases, material effectiveness could be constituted as ESF money – especially during the mid to late 1990s – provided a critical impetus to build the institutional capacity for individualized activation and case management. Even during the early 2000s, however, when the relative importance of ESF money had declined, the EES/ESF helped in sustaining the governments' political will to assist more marginalized groups. Funding provided to socio-economic firms and employment foundations in Austria and establishing training components in the Irish CE scheme are cases in point. The strategic effectiveness of the EES has – at least partially – been established in the sense that both governments used EU discourses and targets to legitimize the introduction of new measures. Such "faming" was possible as the principle of activation was largely welcomed by electorates and approved by the social partners. Ideational effectiveness, in turn, could be shown quite clearly in the Irish case, where Irish policy makers gradually reassessed their positions and embraced an "activation paradigm" which had previously not existed in

Ireland. While the ideational impact was less pronounced in Austria, the EES has nevertheless amplified and accelerated the Austrian government's endogenous reorientation.

The nationally particular way in which activation ideas were translated into policy, however, was shaped by partisan politics and historical trajectories. In Austria, the general message was not only to equip jobseekers with the necessary skills to find employment but was increasingly also associated with the desire to reduce "welfare abuse." As such, it is less surprising that the expansion of ALMP budgets was paralleled with a tightening of the benefits regime through more controls and sanctions, the introduction of stricter "suitability criteria" and a shift toward (inexpensive) "soft skills" measures. In Ireland, in turn, where mass unemployment had been a reality during the 1980s and early 1990s, the discourse was less centred on "policing" the unemployed – even though it was part of the governments' ambition – and more on the provision of skills training and work opportunities for disadvantaged jobseekers.

Developments with respect to childcare also offer great analytical insights. Initially, electoral concerns and ideological predispositions kept right-of-centre governments in both countries from following the calls of the EES, and both governments were able to "downplay" the salience of childcare during the late 1990s and early 2000s. However, the hard targets formulated at the Barcelona Summit and the subsequent EES Guidelines of 2003 catapulted childcare to the centre of attention across Europe. When the European benchmarking exercises clearly showed how far both Austria and Ireland lagged behind, the social partners, social democratic partisan actors, and other socially-liberal groups began to actively lobby their governments to address these shortcomings. In this context, the EES has been of great strategic effectiveness, creating awareness, establishing a benchmark and generating societal acceptance for a dual breadwinner norm. The message offered through the EES also contributed to the gradual reassessment of long-held family beliefs and values among conservative politicians, indicating at least partial ideational effectiveness. Hence, even though the governments' reaction was perhaps mostly strategic, the EES nevertheless turned out to be a critical component in paving the way for conservative governments' decision to expand state-led childcare provisions to average-income families and lone parents.

As in the case of activation, partisan predispositions mattered. As childcare could not easily be incorporated into the conservative/liberal political parties' platforms, an institutional compromise had to be found through which both, the male and dual breadwinner models could be sustained. This compromise was based on making universal child benefits more generous and easing access to part-time employment for women (especially in Austria), while simultaneously also expanding childcare places (and the availability of child minders). For conservative parties, such a compromise meant that they could offer their voters the ability to "choose" between a reinforced traditional variant and a newly established alternative.

Based on the insights gathered in two very different countries, we can draw two tentative conclusions that are important to studies of the EES and institutional change. First, the EES appears to be particularly effective if and when hard targets are formulated. While it might be premature to generalize such a finding without further research also in areas of the EES that lack quantitative targets, the rather disappointing findings in other, less institutionalized OMCs might be an indicator for the validity of such claims (e.g. Kröger 2008). Second, the EES works differently in different political areas, reflecting both partisan and societal preferences. While the concept activation was generally accepted among elites and voters, the provision of childcare places is highly controversial, at least in countries where more traditional family values dominate. As such, the potential for learning with and from others and defining an institutional alternative acceptable to all participants is more limited, and the EES's strategic use more likely. In institutional terms this means that compromises – perhaps on a low common denominator – are the most likely outcome rather than a cohesive redirection of policy. Such compromises might, however, be the first step in the gradual transformation of welfare state arrangements and societal belief systems.

## Appendix / Interviews

AK Representative of Austrian Chamber of Labour (AK); Division for Employment Policy, Vienna, June 15, 2007

AMS Public Employment Service (AMS); Member of Labour Market Board, Vienna, June 6, 2007

BDV Representative of the Federal Umbrella Organization for Social Firms (BDV), Vienna, December 2, 2008.

BMWA1 Two representatives of the Ministry for Economics and Labour; Labour Market Division, Vienna, June 6, 2007 and December 1, 2008

BMWA2 Representative of the Ministry for Economics and Labour; Labour Market Division, Vienna, December 2, 2008

CDA Country Desk Officer for Austria, Brussels, May 22, 2007

CDI Country Desk Officer for Ireland, Brussels, May 21, 2007

DETE Department for Economy, Trade and Employment (DETE); Labour Market Division, Dublin, March 1, 2007

EMCO Rotating member of the Employment Committee (EMCO), Bonn, April 11, 2007

FÁS Two representatives of FÁS, Research Unit (Skills and Labour Market), Dublin, March 1, 2007

ICTU Representative of Irish Congress of Trade Unions (ICTU), Dublin, March 1, 2007

IHS-1 Researcher at the Institute for Advanced Studies (IHS); Center for Employment, Qualifications, and Innovation (EQUI), Vienna, June 4, 2007

IHS-2 Researcher at the Institute for Advanced Studies (IHS); Economics and Finance, Vienna, June 11, 2007 and December 3, 2008

NESC Representative of National Economic and Social Council (NESC); Dublin, April 18, 2006 and February 27, 2007

UCD Professor at University College Dublin (UCD), Michael Smurfit School of Business, Dublin, January 8, 2008

YOUTH Representative of Department of Education, Division Youthreach, Dublin, February 26, 2007

WAFF Three representatives of the Vienna Employment Promotion Fund (WAFF), Vienna, December 1, 2008

WKÖ Representative of national Chamber of Commerce (WKÖ); Vienna, Division for Social and Health Policy, June 13, 2007

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## Endnotes

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(1) For a review of the workings of the EES, see Kröger in this volume.

(2) Please find a list with interviewees and their institutional affiliation in the [annex](#).

(3) A study conducted by Ireland's Central Statistics Office during the 1990s showed that about 50 per cent of all Live Register claimants did not show any evidence of active job search, "the largest [percentage] in any OECD country" (Walsh 2004, 15).

(4) While the letter indicates possible benefit sanctions upon refusal to attend the interview, the actual application of sanctions remained extremely rare (interview, DETE).

(5) Obinger and Tálos (2006, 175) argue that the new child-benefit scheme even reinforced the male-breadwinner model as the (female) expansion of part-time employment is based on precarious employment and thus women's dependence on their spouses becomes even greater.

(6) Childcare developments in Austria have also been strongly influenced by similar developments in

Germany, which has been described as the “Merkel effect” (interview, BMW A2).

(7) A “third” element was issuing non-discrimination legislation.

**Table 1: Causal mechanisms of EES effectiveness: forms, functions, effects**

	<i>Form</i>	<i>Function</i>	<i>Effects on partisan position</i>
<i>Material</i>	earmarked cash transfers	fosters political will through availability of new resources	marginal
<i>Strategic</i>	naming, shaming, faming	electoral concerns or hopes	calculated adaptations
<i>Ideational</i>	exposure to institutional alternatives	normative and/or cognitive reassessments	potential for profound repositioning