



Policy brief

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European Family Policies and their Impact on Labor Force Inclusion: Comparing Pre and Post Unification Germany

by Lynn Duggan and Alice Luck

Introduction

For forty years families in East and West Germany experienced stark contrasts of capitalist versus socialist family policies. Both of these states sought to ease the burdens of work and family life for women, but each pursued this end using very different family policies, due to the different policy tools available in the “social market” capitalist economy of West Germany versus the centrally planned economy of East Germany. Family policy is used by states to influence the distribution of costs and responsibilities for children. Examples of “explicit” policy goals include transmission of societal values, inducement of women to leave or enter the labor force, provision of day care, welfare, family counseling, family planning, income maintenance, tax benefits, and housing policies. Family policy can be used to promote conservative, maternalist, or pronatalist agendas, or can be used to encourage population control. While both East and West systems were pronatalist and sought to ease the burden of childrearing for mothers, neither state embraced gender equality. The burden of childrearing rested with the mothers--not fathers--in both these societies.

There have traditionally been two schools of thought in the debate over childcare subsidization; the first argues that this is too expensive a service for government to provide and it would hamper economic growth. This perspective assumes that women will absorb all of the costs of childrearing.

The second argues that children are like any other public good and to provide for them in the form of education or childcare is to ensure long term economic growth for the state.

Women made gains in the centrally planned labor market under the pronatalist East German system, but the state’s promotion of traditional gender roles within the home undermined women’s ability to equalize the distribution of household labor. The West German “social market,” both pre-1990 and in the unified system, has also embraced traditional gender roles. An examination of the German case, including the effects of unification, presents an opportunity to shed light on the debate over the state’s role in childcare, the effect of such policies on women’s participation in the labor force, and their effect on traditional gender roles in the realm of unpaid household labor.

History

East Germany

East German policy can be characterized as pronatalist from the 1960s through 1989. Its goal was to integrate women into full-time labor force work, while encouraging births in light of falling birth rates in the 1950s and ‘60s. This was successfully accomplished through free child care, a generous maternity leave, and guaranteed fulltime employment, as well as subsidies of children’s clothing and food. In the event of divorce, women in East Germany enjoyed the security of state provision of full-time employment and free public child care, as well as guaranteed child support payments until a child turned sixteen.

East German women took advantage of this opportunity to advance in their careers and gain economic independence. They became, on average,

more highly qualified than women in West Germany, often venturing into technical and scientific fields. However, although the ratio of women's to men's earnings was higher than it was in West Germany, East German women's wages were still significantly lower than men's and most women's jobs were lower in status; female-dominated occupations were also compensated less than were male-dominated occupations.

Greater access to their own earnings and income security increased East German women's bargaining power, as family policy measures translated into increased fall-back positions, changing relative power within households. However, other family policy measures actually curtailed women's ability to make use of the better bargaining position to change the division of household labor in their relationships with men, such as the "household work day" contained in family policy, a day off per month for women to catch up on housework. Women were also limited to a forty-hour workweek, and, until 1986, only mothers were allowed to take parental leave or childrearing leave to care for sick children. Although the East German system incorporated women into the work force, it simultaneously undermined women's ability to alter traditional gender role assignments in the household.

Hence, while the East German Communist Party intended to ease women's burden, its policies had the effect of reinforcing women's role as primary caretakers of the home, preventing women from challenging or changing this household division of labor. Thus, the greater bargaining power given women in this system did not translate into a more equitable distribution of household labor. The upshot is that women were employed full-time as well as shouldering most of the responsibility for housework, and children spent nine or ten hour days in state provided childcare centers, leading many to conclude that the East German system overburdened women and children. East

German family policy was dubbed "mommy politics" because of its gender role assignments.

The lack of civil freedoms under the socialist system prevented many women from organizing and publicly expressing notions of equal rights. State censorship also attempted to keep new Western feminist theories out of the country. As a result, while East German women were economically more independent than women in West Germany, they largely accepted the role within households that the state assigned them, which was decidedly patriarchal in its assumption that women should shoulder domestic responsibilities, in addition to the sacrifices of every citizen to the state.

There are other explanations as well for women's inaction in bargaining for a more equal distribution of labor in the home. Income inequality was low among East German workers and there were few consumer goods to buy, decreasing the financial incentives for women to pursue a career. Also, under the authoritarian state the absence of civil society contributed to a greater appreciation for the private sphere, or home life, and less appreciation for work or career. Accordingly, many East Germans placed a higher value on home life. This tendency, combined with the relative gains in fall back positions for women, may have contributed to a greater acceptance of their role in the home.

West Germany

The West German system was primarily characterized by its embrace of traditional gender roles through the separation of men and women into breadwinner and domestic roles. Women's access to the labor force was constrained by a much lower level of state subsidized child care, in comparison with the East. Until 1977, the German Civil Code did not afford women the right to work, unless it was compatible with their marital and family obligations. Tax incentives encour-

aged lower-earning marital partners to work fewer labor force hours, and half-day or irregular school hours also contributed to women's inability to work full time.

In 1986 a three-year low-paid childrearing subsidy was introduced, which encouraged many women to temporarily leave the labor force or take part-time jobs. By providing a childrearing leave subsidy with job security, the German government facilitated a slower growth of women in the labor force than in other European countries. The government was able to continue its support for the traditional model of a primary breadwinner and was not forced to invest in childcare facilities.

This subsidization of childcare in the home in West Germany reduced women's bargaining power vis a vis their male partners, as their access to meaningful income was limited to that earned by their partner. West German women's fall back position was thus lower than East German women's, compromising their ability to bargain for a more equitable distribution of household labor. Women in the West were split between choosing career or motherhood, because the state ensured that the pursuit of both simultaneously was difficult. As a result, their labor force participation was lower, with women comprising about 38% of the labor force as opposed to 49% in East Germany. However, there were also lower rates of motherhood among the West German women, about 80%, versus a rate of motherhood of 91% in East Germany. Overall, the West German state absorbed only about 8% of the costs of raising two children, in contrast to the heavy subsidization of childcare in East Germany of about 34%. (Duggan, 03: 66-67)

Unification – 1990

With the fall of the Berlin Wall in December of 1990, East Germany was united with West Ger-

many politically and economically under the West German state, and family welfare policies changed, as did the economic climate in East Germany. The generous subsidization of childcare and the guarantee of employment of the East German system were replaced with a market economy, which entailed transitions that have proven difficult for women in particular. Compared to the situation prior to unification, Eastern German women today are less able to combine family and employment, and are increasingly forced to choose between the two. The social norms of West Germany, reflecting the male breadwinner model, are apparent in the unified system, under which women rely on either a male breadwinner or state subsidies, should they choose motherhood instead of participation in the labor force.

The most immediate concern for the East since unification has been unemployment, and women have been disproportionately affected by this problem. The lack of secure employment has also led to a decrease in the birth rate. Additionally, East German women now have new responsibilities for children, which the state once took care of, such as caring for their children during the day as well as for the sick and elderly. This has led some in the media to call women the "losers of unification." Policies such as a tax incentive for lower or non-earning marital partners to work fewer labor force hours also discourage full-time employment. This familist taxation system is also prevalent in other European countries such as the United Kingdom, France, and Luxembourg. Under this system, married couples are treated as a unit and social security and other entitlements are provided via the labor force member's job to stay-at-home spouses regardless whether they perform unpaid work at home. In this way, labor force work is honored by the state and household work is disregarded. Non-participants in the labor force are dependent on their attachments to labor

force earners for social benefits.

The Current State of Family Policy in Unified Germany

Present day eastern and western Germany are still a marked contrast from one another, despite the unified economic, political and welfare policy since unification. The modern state has made some attempts at incorporating notions of gender equity into the legal system, but both societies remain highly traditional and patriarchal, with pockets of feminist activism in some cities. Gender equality has been officially incorporated into the legal system, as can be seen in Article 3 of the constitution, passed in 1994, which explicitly affirms the intent to abolish gender inequality; however, equality is far from a reality.

Conservative policies pursued in the '80s by the Kohl administration were continued after unification until 1998, when the Social Democrats came to power. During this time, women gained in the area of income equity but legal rights were not realized. After unification in the 1990 east and West Germany diverged economically, with most East German firms going bankrupt when suddenly exposed to the world market. Unemployment in the former East was hard felt and impacted women more than men. Former West German men took over many desirable positions in the East. Former East German men and women experienced new democratic freedoms, but women were now being passed over for men in the workforce.

The western part of the German economy developed at a steady pace after unification and women made some gains in the labor market. Women profited from a period of economic prosperity; however, gender roles overall remained traditional throughout the '90s in both halves of the country. Also, the unemployment rate for women in the east remained high, as of 2002, at 4

around 19.5%, as compared with 18.9% for men. By 2006 the unemployment rate for all of Germany had risen to 10.1% for women and 10.3% for men, up from 7.8% for both women and men in 2001. The average for the EU countries as of 2006 was 9.0% for women and 7.6% for men. The labor market cannot be characterized as providing equal opportunity to both sexes. The differences that are found between eastern and western Germany today are in working patterns, income, and management roles. It is important to note that in the east the sexes are more equal in all three of these areas than in the west.

Key differences also exist in the attitudes toward family. Western Germany still favors the traditional domestic role for women in raising the children. In the east, the legacy of the old system has persisted; upholding the model of both parents working full time, but this is subject to the vagaries of labor markets. Part of the difference between east and west also lies in the failure of the government to provide child care facilities in the west, where they are chronically lacking, resulting in the necessity of women remaining in the home or only working part time.

While women in the east hoped to maintain the equality gained between the sexes during socialism, unification seems to be reversing this limited achievement and the traditions of the west are expected to prevail under the western economic system. As noted, for example, unification brought with it the tax system that discourages married women from seeking employment. With the removal of the burden of East German state-mandated, full-time employment, it also is unlikely that women will choose to continue to maintain full-time employment when the state also imposes on them the burdens of childrearing, particularly given the current economic climate, which does not favor women's employment. Currently, women in eastern Germany are adopting part-time employment.

Social Welfare Reform

When the Social Democrats assumed power in 1998, they announced their intention to make women's issues a priority. While this turned out to be an overstatement, there was some effort to improve the work life balance. Part-time work was made available to more people through the passage of the Part Time and Temporary Employment Act of 2001, which allowed employees more freedom to determine their contract hours. The Parental leave policy has also been reformed since 2001 to encourage more fathers to take the leave, or for both parents to share it. However, parental leave pay is still too low to be beneficial for fathers to take leave, as most families depend on the male breadwinners' higher incomes. The income tax system which encourages women to stay at home is also still in place.

There is political unwillingness to implement a pro-active policy to address the great disparity that remains for women in the workforce and improve women's status. What was a focus on women's policy has now been replaced by the prioritizing of family policy, in order to address what the government sees as a more pressing issue; the low birth rate which jeopardizes the social security system. According to the UNDP the total fertility rate in Germany was 1.3 children per women in 2005, a rate that had fallen steadily in both Germanies for decades but is particularly low since unification due to the steep decline in East German births. This "birth strike" has led to a new official emphasis on the need for professionally qualified women to enter the workforce, and the issue of the optimal work life balance that will enable both family and career has also come to the forefront of policy concerns.

Policy measures are being introduced to encourage women to work outside the home and raise children simultaneously. These include the ex-

5 tension of school hours in some localities in West Germany, as erratic hours are incompatible with full-time employment, and reflect the assumption of inconsequential participation by mothers in the labor force. More public child care facilities are also being introduced in some areas. The government is encouraging companies to be flexible in the hours they afford employees and to provide childcare facilities themselves. There is, however, no formal economic incentive for companies to comply with these requests.

This new policy focus may be successful in encouraging women to return to work and ameliorating the demographic crisis; however, the current emphasis does still nothing to address gender discrimination or the persistent gender-based division of labor in the family. State support for the family is pervasive but is not based on a concern for protecting the rights of its individual members but with preserving the family as an institution. In addition, the Schroeder government eradicated many unemployment benefits, predominately affecting women who were previously employed and making them dependent on their spouses.

The Future of Family Policy in Germany

Although the Social Democrats failed to deliver on their promise of gender equality, there are several indications that other avenues of influence may be more effective in bringing about change. The influence of the European Union and its emphasis on equal opportunities has the potential to drive change where domestic politics cannot. The directives of the European Union have been incorporated into the German legal code and the recent European Employment Strategy set targets for working women in each member state. Gender mainstreaming has also been incorporated into the codes of the EU and its member states, which advocates the incorporation of gender equality into all political and

economic decisions. While EU influence may raise awareness, it remains to be seen whether this can deliver any concrete changes in an entrenched patriarchy. There are also signs that equal opportunity ideas are becoming more widespread and institutionalized. Many trade unions and certain political parties have embraced these values. Finally, the increase in educational levels of women will provide the next generation of women with nontraditional role models.

In conclusion, East and West Germany have had widely divergent experiences in women's inclusion (or exclusion) in the labor force, and despite political unification they are faced with very different challenges still today. The immediate concern regarding birth rates poses a unique opportunity for women to once again take advantage of the state's need for qualified labor and child production. Since the East German system failed to bring about gender equality because of traditional norms about women's responsibility in the home, a new policy which aims to enable both child rearing and career development might bring about change toward equality. The social and economic environments in which Germany is struggling today might lend themselves to support for a system wherein the state realizes the benefit in providing highly subsidized childcare centers and also promotes women's positions in the work force in a less socially conservative way than was done under the former East German system.

Women would also benefit from non-familist tax policies, which would give equal benefits to those involved in non-market household work and those in labor force work, in terms of social security and other entitlements. A non-familist system would consider non-market workers eligible for benefits regardless of marital status. Such a policy might resemble those in place in Sweden or Finland, which promote parents' employment

and also gender equality and family well being by providing paid parental leave, public child care, and reduced working hours. These examples of explicit policies can be used to ensure that the current trends of economic liberalization and restructuring do not produce more inequality through gender role-, time use-, non-market work-, or asset differentiation.

Ultimately, in order for men and women to share responsibility for children more equally, pay rates in traditionally women's occupations will have to rise in order for women to gain higher fall back positions and improve their intra-household bargaining power. A pro-natalist policy which encourages employment and motherhood as well as valuing non-market work done in the home, could also be reflective of the perspective introduced earlier in which children are viewed as a public good. Employers would benefit from this model in that they would not be forced to look outside Germany for a supply of qualified labor and women would benefit as well, provided that women's full time employment and careers are facilitated; additionally, if the importance of children's human capital to the future of the German labor force is acknowledged, the viability of the social security system would be better ensured for the future. This policy would lend it self to long-term economic growth of the country, but would also have additional benefits for the status of women in the economic and social realms by giving both parents the opportunity to participate fully in the labor force and raise a family at the same time, aided by the state.

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