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The financial crisis and recent family policy reforms in Finland, Germany and the United Kingdom: Is there a connection?

by

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Abstract

The turmoil created by the financial crisis and economic recession in Europe has served as an impetus for austerity measures in many countries. In this article, we ask whether these crises have also triggered reforms in family policy, and we focus on three European welfare states – Finland, Germany and the United Kingdom – countries that are often considered members of different family policy regimes. The article addresses two main research questions. The first one relates to the number, direction and magnitude of family policy reforms in these three countries since the beginning of the financial crisis in 2008/2009, while in the second we discuss whether the reforms observed during this period can be seen as being related to the financial crisis and its later repercussions on the Euro-zone area, or if there are other explanations. The analysis is based on data from the *Missoc* data base on social protection provided by the European Commission, but it also draws on official documents, statistics, media coverage and secondary literature. The findings show that there have been reforms in family policy in all three countries, but more so in the UK than in the other two countries. Whereas the UK welfare reforms pursued by the Cameron government since 2010 can be seen as quite radical austerity measures, the reforms in Germany and Finland have been more about piecemeal improvements of the family transfer systems. In 2012 and 2013, there has also been signs of some retrenchment in these two countries, albeit small ones in Germany, but quite systematic ones in Finland. Correspondingly, we can see a clear connection between the crisis and family policy in the UK, as well as in Finland, where the effects of the crisis have been more delayed. However, these links are intertwined with ideological motives to reshape the state's role in family policy. The results therefore suggest a link between the financial crisis and family policy, although this link is not always very direct, and is highly conditioned by national welfare-institutional configurations and the ideological composition of governments.

Keywords: *financial crisis, family policy, reform, Finland, Germany, United Kingdom*

Introduction

The beginning of the 21st century has been characterized by an increasingly globalized, but also more unstable, world economy and recurring financial crises. The beginning of 2008 saw the onset of one of the world's financial crises in modern capitalist history (Reinhart and Rogoff, 2011), and by the end of the year the US financial sector had been thrown into chaos, and soon most economies in Europe had become faced with recessions and huge budget deficits. As a result of the contagion effects that had started in the subprime mortgage market in the United States, most European economies started to shrink, while the size of their public debts started to grow (Richardson, 2010). For instance, in 2010 the public budget deficit in the UK increased to €13 billion, while in other parts of Europe the situation was even worse. According to data from Eurostat (2012), the annual GDP growth in the EU 27 countries fell drastically, and even went downwards in 2009. In 2010, the amount of public debt climbed to approximately 41% in Finland and to approximately 44% and 85% in Germany and the UK, respectively (OECD, 2011). Whereas the US economy slowly started to recover from the financial crisis in 2010–2011 due to fiscal stimulation, the crisis stayed on in many European countries, but now in the form of a deepened debt crisis that in some cases led the national financial systems to the brink of bankruptcy (Krugman, 2013). Through the increasing financial pressure that this prolonged crisis has put on European governments, it is likely to have served as an impetus for welfare state reform, notably in the form of austerity measures and cutbacks in social protection schemes (cf. Heise and Lierse, 2011; Richardson, 2010).

This article focuses on one particular area of welfare state reform, namely that of family policy. Broadly speaking, family policy refers to the public commitment to well-being of families, i.e. the things the state does in order to promote economic and other forms of well-being for families, which range from economic transfers, such as child benefits, to different care services, such as childcare services (e.g. Bogenschneider and Corbett, 2010; Montanari, 2000; Gauthier, 1996). In this article, we ask whether the recent financial crises have triggered reforms in family policy, and focus on three European welfare states – Finland, Germany and the United Kingdom – countries that are often considered members of different family policy regimes. The article addresses two main research questions. The first one relates to the number, direction and magnitude of family policy reforms in these three countries since the beginning of the financial crisis in 2008/2009, while in the second we discuss whether the reforms observed during this period can be seen as being related to the financial crisis and its later repercussions on the Euro-zone area, or if there are other explanations. The analysis is based on data from the Missoc database on social protection provided by the European Commission, but it also draws on official documents, statistics, media coverage and secondary literature. The choice of these three countries is motivated by the fact that they represent three different family policy regimes (e.g. Korpi, 2000), and that this may have a bearing on how they have reacted to the crisis.

The article contributes to the literature in at least two ways. On the one hand, it broadens our understanding of recent family policy reforms, as well as their drivers, while on the other it helps us to understand how the political and economic frameworks for social works change over time. As an academic discipline and professional practice, social work takes place in the context of governmental policy (cf. MacDonald et al., 2003; Rubio et al., 2000; Lorenz, 1994). Therefore, a comparative analysis of family policy reforms can help us to understand the shifting political determinants of social work, as well as to appreciate how such determinants are conditioned by country-specific constellations such as institutional features. Moreover, such studies widen our understanding of how the social needs of families are constructed and negotiated on a governmental level, which in turn has significance for both families and social workers.

The rest of the article is organized in the following way: Next follows a theoretical discussion about the political economy of family policy and previous literature relating to the 2008–2009 financial crisis, and after that we present our data and research methods. The penultimate section presents our findings, while we draw some conclusions and discuss the findings in the last section.

The political economy of family policy

Families live their lives within the context of the state, and the state functions in conjunction with the economy (Kamerman and Kahn, 2003). According to Hay and Winnicott (2012), the political economy of the welfare state can be described as an "alliance" between the economic system and the state. Not only does this "alliance" seek to promote economic interests, such as growth or competitiveness, it also fosters certain social values and principles that uphold a certain social order. Family policy is situated in the centre, or nexus, of such relationships (e.g. Ferrarini, 2006; Kamerman and Kahn, 2003; Gauthier, 1996); hence, a major disturbance in the economic order is bound to have effects on the welfare state, in addition to its subfields such as family policy.

It is not always clear what we mean by the concept of "family", as it is very contextually and culturally sensitive. Among comparative analysts of European family policies, a "family" is primarily defined as a household consisting of one or two adults living with at least one child or under-aged person (cf. Ferrarini, 2006). Although this definition is problematic since it tends to rule out other kinds of households, e.g. households consisting of only grown-ups or other types of family configurations conditioned by cultural or ethnical factors, it is the definition used in many comparative analyses of family policies.

What then is family policy? As noted above, family policy encapsulates all of those policy measures that in one way or another promote economic or other aspects of well-being for families. But what are those measures, and how do they influence well-being? According to Bogenschneider and Corbett (2010), family policy has been understood conceptually in different ways: as an end goal in itself, as a criterion for evaluating policy outcomes and as a means for achieving general socio-political goals such as workplace security, educational goals or health promotion. Similarly to Kaufmann (2002) and Gauthier (1996), Bogenschneider and Corbett (2010) distinguish between an explicit and implicit aspect of family policy. Whereas the former relates to goals and policy measures aiming to secure some manifest, and often politically outspoken, objective, the latter relates to other, and less publicly outspoken, policy goals and outcomes.

Thévenon (2011) distinguishes between six (explicit) forms of family policy measures (cf. Kaufmann, 2002). The first is poverty reduction and income maintenance, which is commonly directed towards low-income families with children and very common in Anglo-Saxon or Mediterranean welfare states. The second policy type consists of transfers seeking to compensate for the costs of children, such as child benefits or child tax credits, which often imply an ambition to level incomes between families with children and childless families. Third, Thévenon lists measures that seek to foster employment, notably female employment, by using different types of so-called work-family reconciliation (WFR) measures such as parental leave, childcare services or shortened working hours. The fourth policy type contains measures that seek to improve gender equality by promoting a balance in paid and unpaid work between partners. Fifth, there is support for early childhood education and care (ECEC), which is comprised of both early childhood education, such as pre-schooling, but also childcare service. Lastly, the sixth family policy type relates to measures for raising birth rates, and is comprised of different types of strategies for creating a “family-friendly” society. For example, the use of progressive child benefits (the amount increases with the number of children) has been seen as a way of promoting nativity.

It should be noted though that these kinds of family policy types are not always separable from each other, and that the actual outlook of policies in each category may vary quite a bit between countries. Nevertheless, the list gives a picture of the width and variety in family policies across countries, which may be useful in comparative analyses of family policies. In a way, it also proves the point made in the beginning of this section insofar as saying that families do exist in the nexus between the state and the economy. The different policy types described by Thévenon (2011) thus represent different ways of achieving politically defined goals, but at the same time the unique political-economic situation of each country defines which policy measure is applicable in a certain situation, and which is not.

The particular political economy underpinning family policy in Europe during the early post-war period was as much a compromise between work and capital as it was a national welfare-state project. The “embedded liberalism” (Ruggie, 1982) enabling the early post-war welfare project, as well as its family policies, saw an increasing state influence over markets and the use of public spending as a way of boosting domestic demand, while simultaneously securing national business the possibility to compete in international markets (Esping-Andersen, 1990). This political-economic framework proved successful for several decades, and brought with it a noticeable increase of family well-being and poverty reduction (Ferrarini, 2006; Gauthier, 1996). It also moderated the effects of modernization by, for example, facilitating female employment and successively bringing about higher gender equality in European welfare states (e.g. Siim and Borchorst, 2005).

Family policy is therefore a field that interacts between families, the state and the labour market, and it comes in different varieties depending on which country we are talking about (Ferrarini, 2006). It is also based on different principles and uses diverse policy tools, such as income transfers for reducing poverty or care services for balancing family life and work (see Thévenon, 2011, for a more detailed discussion).

There is a rich amount of literature on the country variation in family policy systems (see e.g. Ferrarini, 2006; Clasen, 2005; Kaufmann, 2002; Gauthier, 2002; Korpi, 2000; Daly, 2000; Sainsbury, 1999). According to this literature, Finland, Germany and the United Kingdom (UK) are traditionally not only members of different welfare state regimes, but also of different family policy models. Accordingly, Finland is referred to as a “Nordic” dual-earner model with high female employment and low child poverty (Forssén et al., 2008), while West Germany has been labelled a general, male breadwinner, family policy model strongly focusing on status maintenance (Leitner et al., 2008) and the UK as a market-oriented, “1½ breadwinner” model with a strong focus on poverty alleviation (Finch, 2008). These categorizations are far from static, although it should be noted that some quite interesting changes in Germany and the UK were seen during the early 2000s in regard to their family policy outlooks. In Germany, there has been some gradual shifts from the male breadwinner towards a “Nordic” model (cf. Fagnani, 2012; Leitner et al., 2008), while in the UK the state commitment to families increased radically under the New Labour rule (Henricson, 2012; Daly, 2010).

All of this means that the three countries have not only adopted somewhat different approaches as to their public commitment to families, but that these policy systems are also underpinned by country-specific institutional constellations with a unique distributional logic that influences the pace and feasibility of family policy reforms (cf. Ferrarini, 2006; Korpi, 2000; Esping-Andersen, 1990). Whereas the UK represents a highly centralized policy-making system with a transfer system that is mainly based on tax funding, and Germany represents a decentralized “consensual” policy-making system with many veto players and a family transfer system based primarily on contributions (e.g. Bonoli, 2001; Taylor-Gooby, 2001), Finland can be said to be somewhere in between the two (Lammi-Taskula and Takala, 2009).

Earlier research on the effects of the financial crises on family policy

What have been the effects of the financial crisis on the welfare state and on family policies in particular? It should come as no surprise if European governments, notably those hit hardest by the financial crisis, have responded by cutting welfare state costs, thereby curtailing their family policies (cf. Richardson, 2010). Since family policy can be said to be less “institutionally entrenched” than most other social policy areas (Clasen, 2005: 181–182), we would perhaps expect such cutbacks to be more common here than elsewhere. Nonetheless, there is nothing to suggest that policy reactions, if any, have to take the form of cutbacks. It is also plausible that governments may react to an economic crisis by investing in families as a way of counteracting social problems, thus following in the footsteps of the economic crisis and unemployment (cf. Richardson, 2010; Esping-Andersen, 2005).

Previous research on this topic suggests that austerity measures have been the most common answer to the economic crisis, but that there has also been other policy measures that have in fact increased family spending or brought with them some kind of investment in care services (e.g. Nygård, 2012; Fagnani, 2012; Heise and Lierse, 2011, Farnsworth, 2011; Hudson and Kühner, 2011; 2011; Richardson, 2010; Gauthier, 2002). Previous research also shows that there are no single-pattern policy responses in this sense, and that the types of reaction were related to country-specific economic, social and institutional factors. For instance, in his study of responses within the OECD area, Richardson (2010) contends that the most commonly policy reaction were changes (both stimulus and reduction) in cash benefits to families, such as child and tax allowances, whereas changes in leave policies were employed to a much lesser extent. In some countries, such as Italy, some temporary stimulus measures were employed in order to counteract the negative effects of the crisis.

Similarly, Heise and Lierse (2011) concur that the policy reactions to the crisis differed from country to country, including both stimuli and austerity measures. However, since these studies are mostly diachronic and only cover the time period around 2009 or 2010, they cannot say anything about the long-term effects of the financial crisis on family policy, nor do they study the policy outputs, i.e. the policy changes and their drivers in any greater detail. Therefore, we need to adopt a longer time frame and couple it with a more in-depth analysis of recent family policy reforms in order to obtain a clearer picture of the effects of the financial crisis.

But the interaction between the crisis and family policy reform can also follow other routes. For example, it is possible that the financial crisis may have served as an external shock that forced governments to react to changing household structures, as well as a higher proportion of economically vulnerable households (e.g. Taylor-Gooby, 2004). It is also plausible that the financial crisis may have functioned as a window of opportunity for ideological forces that wanted to reshape the state responsibility for families and restructure the welfare state arrangement (cf. Nygård, 2010; Ferrarini, 2007). Traditionally, centre-left ideologies have advocated a stronger state commitment to families in order to change the family institution towards a dual-earner model, whereas conservative ideologies have sought to strengthen the family institution and preserve the dominance of the male breadwinner model (cf. Taylor, 2007). It is also possible that reactions to the crisis take place in a path-dependent way with only small incremental changes (e.g. Nygård and Krüger, 2012). The question of whether observed family policy reforms are a direct or indirect effect of the financial crisis is thus a difficult question to answer. At best, what we can then hope for in this article is to offer some pattern of reform, and to provide some tentative interpretations as to the connection between these reforms and the financial crisis.

Data and analysis

This article is a comparative analysis of family policy reforms that uses a "triangulated" methodological approach based on different data sources (see e.g. Yasmin and Rahman, 2012). One of the data sources is the EU *Missoc* database (European Commission, 2012), which contains data on the social protection schemes of the three countries, and on the basis of which it is possible to map changes in family income transfers over time, though not changes in service provision. The use of the *Missoc* database has some obvious advantages, one being the comparable and detailed ways in which the social protection systems of European countries are described. But there are also problems, one being the restricted focus on income transfer systems. This means that this data source can only provide us with a very general picture of the functionality of the different family policy systems. Therefore, we also needed additional data sources such as official documents and reports. Hence, the second source of information, e.g. government programmes, statements, reports or speeches, helped us to not only monitor policy changes, but also to understand the background and drivers of such changes. Third, we used secondary sources (scientific journal articles and books) as a way of cross-checking and validating our own interpretations.

One obvious difficulty related to policy analyses is the question of what to analyse and what to omit. In this article, we have focused merely on public policies oriented toward families, notably different transfers and services, while we have omitted educational and health policies as well as wider public sector reforms. A second difficulty is closely related to comparative welfare state research concerning how we make allowances for divergence between countries such as cultural differences or institutional variety. For example, it is not self-evident that terms such as "family" or "family policies" are understood in the same way in different countries; therefore a comparison may be biased in some way. Moreover, different countries have their own unique welfare-institutional configurations, as well as their own policy legacies, which mean that a comparison between them easily becomes obfuscated. Third, we need to define what we mean by a “reform”. Are all changes in policy schemes to be considered equally interesting or should we apply some distinction here, such as the one used by Pierson (e.g. Pierson, 1994) between more structural and more programmatic policy reforms? Here, we use the same crude strategy as Richardson (2010), according to which a reform simply denotes a change in an existing programme for families, though it can also denote the abolishment of such a programme or the introduction of a totally new one.

In the following section, we start with an overview and discussion of family policy reforms in Finland, Germany and the UK beginning in 2008. The country tables presenting these reforms should not be considered exhaustive but illustrative, as they list the major changes in public transfer programmes and services. Thereafter, we discuss what implications these policy reforms may have had on the well-being of families and children.

Findings

Family policy reforms

The *Finnish family policy system* evolved quite late compared to the Scandinavian countries, and became fully developed in a “Nordic” sense only in the 1980s (Hiilamo, 2002; Anttonen and Sipilä, 2000). By the early 1990s, it had evolved into a relatively extensive and “de-familized” system of individual social rights, which also included a vast supply of public childcare and publicly supported home care.

This system has been relatively efficient in facilitating parents’ participation in paid work, but it has also served as a route out of poverty for the vast majority of Finnish families (e.g. Forssén et al., 2008). Although the economic recession in the early 1990s led to some renegotiations and even cutbacks in some of the family policy transfers (e.g. Nygård, 2003; Timonen, 2003), the system remained fairly constant until today. However, due to the cutbacks made in the 1990s, which led to a 15–19% devaluation of cash transfers to families (Hiilamo, 2006; STM, 2006), the child poverty rate has climbed steadily in the late 1990s and continued to climb during the 2000s, albeit at a slower pace (Moisio, 2010; Lammi-Taskula and Salmi, 2010; Lammi-Taskula, 2009).

In order to curb this trend, the centre-left coalition formed in 2003 launched a series of “poverty packages” aimed at curbing poverty among families through piecemeal improvements of family transfers, such as higher child benefits and improved income supplements for single parents (cf. Nygård and Krüger, 2012; Kuivalainen and Niemelä, 2010; Salmi et al., 2009). The coalition that was formed in 2007 also committed itself to curbing child poverty and continuing the piecemeal improvement of family transfers, such as an increase of the child maintenance allowance and higher child benefits for the third child. However, a major adjustment was accomplished in 2008, as the replacement rates of parental allowances were raised (Lammi-Taskula and Takala, 2009).

Table 1: Main family policy reforms in Finland since 2008
2008: New law on child protection 2008: Minor increases of child benefits for the third child, single-parent supplements, home care allowances, private care allowances and some modifications in entitlement rules for housing allowances and social assistance 2009: Increase of the minimum parental insurance benefit to the same level as basic unemployment benefits 2010: Increase of part-time home care allowance + extended rights for parents to use the leave 2010: Extension of fathers’ leave to 36 weekdays 2011: Some family benefits (e.g. parental allowances, home-care allowances) become eligible for index adjustment 2013: Child benefits no longer eligible for index adjustment (until 2016) 2013: Extension of father’s leave to 54 weekdays

Sources : European Commission, 2012; Hiilamo, 2006, 2002 ; Forssén et al., 2008

By the time of the global financial crisis, the Finnish family policy system had just started to recover from the economic turmoil of the 1990s by the government’s piecemeal reforms of the income transfers to families. At first, the effects of the crisis were not very visible in either policy debates or policy reforms in Finland. Instead, the Finnish government continued pursuing piecemeal reforms of the transfer system, and it was only later, around 2010 and 2011, that the effects of the crisis became more visible in terms of rising unemployment and higher public debts. But this did not alter the ingrained route of Finnish family policy. Instead, it was acknowledged that the Finnish economy needed to achieve a higher productivity and competitiveness through “structural reforms”. This meant a restructuring of the welfare state in terms of larger scales of welfare provision, in addition to austerity measures in order to curb public debt and prevent a “non-sustainable” public economy (e.g. Government of Finland, 2011). Accordingly, the Finnish family policy development contains only a few significant changes since the beginning of the financial crisis in 2008, and none of these have been about austerity measures. Instead, the Finnish family policy development during the period after 2008 shows signs of path-dependent improvements of the existing transfer systems to families, such as raises of the nominal levels of child benefits, home-care allowances and the child maintenance allowance (see Table 1). A particularly conspicuous feature has been the gradual extension of the fathers’ leave scheme and the ambition to achieve a more gender-neutral parental leave system. Only in 2013 do we see some traces of the crisis, as the government declared that child benefits ceased to be eligible for inflation adjustments (until 2016). Moreover, in August 2013, the Finnish government declared that the home-care allowance would become shared between the mother and the father in the future, and it also proposed a restriction of the parents’ legal right to public childcare for children under the age of seven (Bjon, 2013). These changes can be seen as delayed effects of the financial pressures on the state caused by the financial crisis and its repercussions in Europe, but they also reflect an increasing criticism among politicians towards the functionality and economic sustainability of the Finnish family policy system, notably the dual provision of legal rights to both public childcare and home childcare (e.g. Gestrin-Hagner, 2012). It has also been suggested that the home-care allowance for children needs to be shortened or made more flexible in order to prevent it from having harmful effects on the employment of mothers (see e.g. Suomen eduskunta, 2012).

The *German family policy* system started to undergo an interesting development in the late 1990s and early 2000s after the “Red-Green” coalition under Social Democratic rule had seized power in 1998 (see Table 2). The West German welfare state has often been categorized as a conservative welfare state with a conservative family policy that supports the male-breadwinner-model, and one that focuses on societal motives supplemented by socio-political and economic motives (Clasen, 2005: 138). The idea of a family wage formed the core of the West German family policy model until the late 1990s (Clasen, 2005: 142), while in the 2000s a stronger focus was placed on parental employment and work/family reconciliation. For example, the *Bundesregierung* legislated a platform for the future expansion of childcare services (Tagesbetreuungsausbaugesetz –TAG) in 2005, which aimed at enhancing female employment by increasing the take-up rate of childcare among children under the age of three to approximately 30% by the year 2010 (Fagnani, 2012). The TAG legislation was accompanied by a stronger policy focus on child poverty, which led to the introduction of a new need-tested and income-related child allowance supplement (Kinderzuschlag) in 2005. The reform, which was made as a part of the social assistance scheme, sought to enable low-wage parents to provide for their children (Bäcker et al., 2008). The so-called “Grand Coalition” between the Christian Democrats and the Social Democrats (2005–2009) put a strong emphasis on work-family reconciliation policies, most notably through an ambition to expand public childcare, though it also advocated gender equality as well as poverty alleviation through a reform of the family transfer system (the *Elterngeld* reform in 2007). This reform aimed at strengthening the financial situation of families and distributing child rising responsibilities more evenly between parents (see Deutscher Bundestag, 2006), but it also carried a tacit ambition to increase birth rates in Germany (cf. Henniger et al., 2008). The new benefit represented a dramatic shift in German family policy by introducing a social right that is not only fairly gender-neutral and non-taxable, but one that is also income-related, in order to also give higher (male) wage earners a stimulus to get children and to stay home with them (cf. Fagnani, 2012).

Table 2: Main family policy reforms in Germany since 2008
2008: New law on public childcare (Kinderförderungsgesetz), claiming individual entitlements for children to public childcare and the introduction of home care allowances (Betreuungsgeld) by 2013 2010: Drop in parental insurance allowance (Elterngeld) replacement rate + increase of child benefits, child tax allowance and child maintenance payment (Unterhaltsvorschuss) 2012–2013: Introduction of individual rights to public childcare for children 2013: Introduction of home care allowance (Betreuungsgeld)

Sources :European Commission, 2012; cf. Fagnani, 2012; Seeleib-Kaiser, 2010; Clasen, 2005; Leitner et al., 2008

By the time of the outbreak of the financial crisis in 2008, the German family policy system had taken some major, and even path-breaking, steps towards a "de-familizating" dual-earner or adult-worker model, which had clear similarities with the Nordic countries (cf. Seeleib-Kaiser, 2010; Lister, 2009; Leitner et al., 2008). As noted above, the ambition to extend childcare facilities, and notably the ambition to introduce individual entitlements to childcare, can be seen as quite new policy elements in the German model (Fagnani, 2012; Fox, 2009). The German economy was not hit as hard by the financial crisis as many other European countries, but here economic growth also declined at the same time as unemployment rose (e.g. European Commission, 2011). This aggravated the economic situation of many families, notably lone parents and multi-child families, which is something that can be seen in higher child poverty rates (BMFSFJ, 2011). The conservative-liberal coalition made some improvements in child benefits, tax allowances and child maintenance payment (*Unterhaltsvorschuss*) in 2010, but also launched some austerity measures, such as a drop of the *Elterngeld* replacement rate to 65% for parents with a net monthly income of over 1,240 Euros. This means that parents with high incomes and welfare recipients do not get any *Elterngeld* at all (BMFSJF, 2010). Additionally, in order to facilitate re-entrance into the labour market after extended periods of absence, recipients have been encouraged to a more flexible use of the allowance (including part-time work as well as sharing of the parental leave), which is also reflected in the calculations of the amount of the parental allowance (European Commission, 2012). The main reason for the benefit cut was the austerity package of the conservative-liberal coalition (cf. Fagnani, 2012).

However, it is questionable as to whether we can identify any clear, let alone dramatic, effects of the financial crisis. Only the cutbacks in the *Elterngeld* can be seen as a result of the crisis according to the government's goal of fiscal consolidation. However, the strong refusal of liberal politicians, as well as some conservative politicians, to support welfare recipients with additional *Elterngeld* was not new; in fact it has been an element of the Germans conservative family policy ideology for a long time. Consequently, these actors used the crisis as a window of opportunity to cut benefits and enforce their ideas of a more liberal social and family policy.

The German family policy development during the period after 2008 seems to have been about consolidating a strong work-family reconciliation regime with only one exception – the home-care allowance (*Betreuungsgeld*). The introduction of this transfer was part of a deal that sought to gain support from the Bavarian CSU in particular for supporting the expansion of public childcare. The expansion of childcare also included an introduction of individual entitlements to public childcare (cf. Seeleib-Kaiser, 2010). It is true that the 2009 Merkel government set out to build an economic policy that sought to moderate the effects of the financial crisis through, e.g. tax cuts and a rise of industrial productivity (Business Activity Support Programmes 1 and 2) (cf. Schmidt, 2009), and that it envisaged some austerity measures as to the curbing of public expenditures (Bundesregierung, 2009), although these measures have not affected existing family policy transfers in a straightforward way. Instead, the government expenditures on families have risen due to the *Kinderförderungsgesetz* and the introduction of the home-care allowance (OECD, 2012; Rasche, 2012). The recent framing of German family policy as part of a new "productive" social policy and an employment-oriented family policy (supporting double-earner parents and forcing mothers to work has been strengthened by the abolition of the *Elterngeld* for welfare recipients, even though the cutback is framed as an austerity measure. Of course, this does not reduce family poverty rates, especially among lone parents. Even so, it can be argued that there have also been indirect effects on families in Germany since statistics indicate that the number of families and children in economic distress has increased in the aftermath of the global crisis (OECD, 2012; Eurostat, 2012; Der Spiegel, 2011).

According to Kaufmann (2002), the overarching objective of *British family policy* has been poverty alleviation and a targeted approach aimed at supporting low-income families and children, while policies focusing on the protection of the family as a social institution never developed in the UK in the same way as it did, for example, in Germany (Daly, 2010). British governments have traditionally therefore been reluctant to engage in extensive family policy interventions due to the dominant cultural and ideological divide between the public and private spheres. However, in the late 1990s there was a major change in British family policy as the New Labour government started to channel more public resources to families, and notably to more low-income families than its recent predecessors. The introduction of the Working Families Tax Credit (WFTC) in 1999 was a first step in Labour's aim to achieve a more employment-oriented support for working parents by including a childcare element that aimed at defraying the cost of childcare (Clasen, 2005). According to Daly (2010), the period of New Labour rule in Britain (1997–2010) brought with it a number of family policy innovations such as an expansion of childcare and early education services, better financial support and more effective tax credits to families, better services for young children and (poor) families (e.g. Sure Start), a stronger focus on employment activation (through tax credits and a promotion of employment among lone and other parents), and an accentuation of work–family reconciliation (through an extension of maternity leave, the introduction of paternity leave and rights to flexible working hours). Henricson (2012) even goes as far as to call this era a "revolution" in British family policy (see Table 3).

Table 3: Main family policy reforms in the United Kingdom since 2008
2006: The Childcare Act ordering local authorities to guarantee a childcare place for parents that want it 2010: Publication of Coalition Spending review announcing cuts to tax credits, child benefits and financial support for services such as Sure Start

2012: Welfare Reform Act consolidates welfare support, including requiring parents to be available for work once their youngest child is five 2013: Child benefits become targeted at lower income families

European Commission, 2012; Daly, 2010; Clasen, 2005; Finch, 2008

By the time of the financial crisis, British family policy had taken some significant, and even path-breaking, steps towards a more expansive regime that seems to have shared some of the same policy drivers as in Germany, notably the ambition to increase parental employment through an extended provision of childcare and more effective tax credits (cf. Daly, 2010). During this period there was not only a significant drop in child poverty in Britain (e.g. Eurostat, 2012), but also a steady growth in governmental outlays on families (ibid.). The outbreak of the financial crisis soon had swift and strong effects on the British economy, which has increasingly become dependent on its financial industry (e.g. Krugman, 2013). Soon enough, these problems also spread to other areas of the economy as demand started to fall and unemployment began to rise, and in a few years the public debt had climbed up to 85% of GDP, while the government budget deficit had grown alarmingly (e.g. OECD, 2012).

In 2010, New Labour lost the general election to a conservative-liberal coalition, and it has been argued that the reasons for this were both economic and ideological. Not only had the years under Labour rule created a huge government debt and sinister economic projections in the aftermath of the financial crisis, but Labour's credibility had also become stained by a number of political scandals (Quinn 2011; Williams and Scott, 2011) at the same time as the global financial crisis had made the public sceptical about the so-called Third Way Social Democracy to manage macro-economic fiscal and financial problems (cf. Ryner, 2010). In its programme, the conservative-liberal coalition set out to cut down social expenditures and to create a stricter fiscal discipline (HM Government, 2010). Soon after taking office, the coalition announced a major overhaul of the welfare benefit system, including unemployment benefits and transfers to families. According to Work and Pensions Secretary Ian

Duncan Smith, the ambition was to create a new universal credit system that would not only make life “simpler” for families, but also would make “work pay” (Brant, 2010). Among other things, child benefits were to be changed from being universal entitlements to being targeted at those on lower incomes. Similarly, tax credits were also to be cut, and a focus was put on families in need. At the same time, lone parents became obligated to be available for work once their youngest child turned five (HM Government, 2012). These reforms clearly reflect the need to introduce austerity measures in order to avoid fiscal collapse in the aftermath of the global financial crisis (Heise and Lierse, 2011), but they can also be seen as an ideological response to years of public expenditure growth in an area that, ideologically, should not be an area of great public intervention. In a way, the financial crisis, with its economic repercussions, functioned as an important argument and a rhetorical frame for making a major, and controversial, policy reversal in the area of welfare benefits and family transfers. While these reforms have been framed by the government as ways of refocusing welfare for people economically in need and to restore “fairness” in society (e.g. HM Government, 2011), there are fears that these reforms will have severe economic effects on families (e.g. Sellgren, 2012; Millar, 2011).

Conclusions and discussion

This article set out to unravel the family policy changes that have taken place in Finland, Germany and the UK since the beginning of the global financial crisis in 2008, and to discuss whether there is a connection between the crisis and the reforms. On the basis of our analysis, a number of conclusions can be made.

First, we can see that the 2008–2009 financial crisis, and especially the repercussions this crisis has had on the European economy in the form of a consistent debt crisis, has indeed had some effects on family policy, either directly or indirectly, though these effects have been more visible in the UK, whereas it is more difficult to trace any effects at all in Germany. Finland constitutes an intermediary case, since the effects of the financial crisis have been delayed (we found austerity measures in family policy only in 2012). The UK is the only one of the three analysed countries that has committed to major policy reforms since 2008, and that can be related squarely to the crisis. The welfare reform and the introduction of a “benefit” cap and a “universal credit” installed by the welfare reform bill in 2012 (see BBC

News, 2012) has brought with it fundamental changes to the UK family policy system, by for example changing the child benefit from a universal transfer eligible to all families to an income-tested benefit. Immediately before the outbreak of the financial crisis, there were some major structural reforms in Germany such as the *Elterngeld* reform and the *Kinderförderungsgesetz.* During the crisis, the home-care allowance (*Betreuungsgeld*) was introduced in 2013, but this reform has not been an austerity measure, and furthermore, it was part of a policy package that was decided on in 2008 before the outbreak of the 2008–2009 financial crisis. Only the abolition of *Elterngeld* for welfare recipients and rich people, as well as the small reductions for parents with middle incomes, can be regarded as an austerity measure. The last point can be regarded as a minor adjustment of the existing scheme, but the abolishment of *Elterngeld* for welfare recipients is a more dramatic shift and not only an austerity measure, but can be regarded – as discussed above – as using the crisis as a window of opportunity to recalibrate the welfare regime (the "productive and employment-oriented family policy") that started with the red-green government in 2002. In Finland, some minor austerity measures were implemented since 2010, but these hardly constitute dramatic shifts in family policy since they have been about minor adjustments of existing schemes (such as adjustments of replacement rates) rather than about structural reorganizations (such as changing the distributional logic of a social protection scheme or abolishing it altogether). It is only in 2012 and 2013 that we can see some signs of the (delayed) effects of the crisis since the Finnish government launched several minor austerity measures (such as the child benefit indexation "freeze"). More importantly, we can also regard the structural reforms and the recent cutbacks in state funding to municipals as (delayed) effects of the financial pressure caused by the financial crisis These cutbacks and reforms not only cut the local funding of social and health care services to families, they also aimed at restructuring the entire social and health administration organization.

The second conclusion that can be made, and which relates to the above-mentioned, is that the effects of the financial crisis have varied somewhat between the three countries, and that other drivers have also played a role here. One such driver is the ideological forces that have used the financial crisis as a window of opportunity to reshape the state's role for the social welfare of families. This is very visible in the UK and the Cameron government, but we can also see signs of it in Finland and Germany.

Third, the observed family policy reforms have been highly conditioned by the institutional configurations underpinning each country's family policy system. In the UK, which is the only of the three countries where we see an association between the financial crisis and family policy, the main drivers have been both economic and ideological. It can even be discussed as to whether or not ideological factors have played a more visible role for the restructuring of UK family policy than have economic realities. It is often found that economic crises can function as effective rhetorical frames, or scapegoats, for unpopular welfare state reforms (cf. Vis, 2010; Timonen, 2003), and in the UK case it seems plausible that the crisis, albeit being real enough, may have served as a powerful motivation for the coalition's welfare reform. In Finland and Germany, where the effects of the crisis have been weaker, the drivers of the reforms have generally been more about a promotion of parental employment and gender equality, and in Germany the reforms have also been motivated by demographic arguments (e.g. Fagnani, 2012).

In the UK family system, which is more squarely controlled by the government than is the case in Finland and Germany (e.g. Bonoli, 2001; Taylor-Gooby, 2001), it is easier for a government to change the system, which in turn could explain why Britain has been able to conduct more dramatic reforms than the other two countries. In Finland, and especially in Germany, the political decision-making system is more consensual and even decentralized, which means that family policy reforms have to be anchored in a wider political basis and in negotiations with social partners (Lammi-Taskula and Takala, 2009; Erler, 2009). However, the analysis seems to suggest that although there has been some opposition to the family policy reforms conducted by the Finnish government, the reforms have not caused enough political controversy to have necessitated wide alliances or intensive negotiations between the governments and social partners. In Finland, the ambition to expand parental leave, and particularly fathers' leave, has long been advocated by the government as well as most of its main social partners (Lammi-Taskula and Takala, 2009). On the other hand, the extension of childcare in Germany did not come about without debate and intensive negotiations between the government, the opposition and its social partners (see Seeleib-Kaiser, 2010). It should be noted here, though, that if the Finnish or German governments had decided to use a similar route as the British government in 2010, they would have needed to anchor such welfare reforms and restructuration measures much more solidly, since their systems are protected by institutional veto points and therefore more path-dependent. The fourth conclusion that can be made on the basis of the analysis is that the financial crisis and the austerity measures it has given rise to, especially in the UK, are likely to have a negative impact on the economic well-being of families. Not only have unemployment rates gone up, or remained higher than before the crisis began, the austerity measures that have been introduced in family transfers are also likely to maintain high rates of family poverty.

This is particularly true in the UK, where the new welfare reform has put a "cap" on the benefits that a family is entitled to and introduced stricter entitlement rules on unemployment and housing benefits. Although these measures are small in comparison to the British, in combination with recent austerity measures, the economic developments in Finland and Germany are also likely to make the lives of ordinary families harder in economic terms. It is true that the recent family reforms conducted by the German government have aimed at promoting parental employment, which may have a positive effect on family incomes, but this only becomes true if there are jobs available to parents, and that working life can be successfully balanced with family life. However, the abolition of *Elterngeld* for welfare recipients is likely to increase the poverty level of the families affected by this reform. In Finland, the ongoing public sector reforms, the government's ambition to achieve "structural reforms", will most likely have consequences for families in terms of scarcer recourses for education and health services.

In total, however, the results of this analysis should be treated in a tentative way since it is still too early to project the full effects of the financial crisis and its repercussions on family policies in these three countries. Although the evidence presented here suggests that the effects of the crisis may have been more visible on family policy in the UK than in the other two countries, it is likely that the ongoing reforms of the Finnish public sector will have profound consequences for the lives of families, albeit in a more indirect way. Nevertheless, in order to assess such consequences, we need to continue monitoring both family policy reforms, as well as studying how these policies affect the economic well-being of families. As noted in the introduction, these are the realities and contexts within which social work takes place, and in order to understand the future challenges of social work, such investigations are needed.

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