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# The British Labour Party and the German Social Democratic Party: Changing Attitudes towards the Welfare State

Wolff, Annabelle

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**THE BRITISH LABOUR PARTY AND THE GERMAN SOCIAL  
DEMOCRATIC PARTY:  
CHANGING ATTITUDES TOWARDS THE WELFARE STATE**

by

**ANNABELLE WOLFF**

A thesis submitted to University of Plymouth  
in partial fulfilment for the degree of

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Annabelle Wolff

## **The British Labour Party and the German Social Democratic Party: Changing Attitudes towards the Welfare State**

### **ABSTRACT**

Placing politics in time can greatly enrich our understanding of complex social dynamics. The question this thesis tries to answer is which mechanism led to the change in attitudes of the German Social Democratic Party and the British Labour Party towards the welfare state during the period from 1990 to 2010 and which effects in consequence these changes had on the existing welfare states. This thesis builds on the welfare state categorization work done by the Danish sociologist Gosta Esping-Andersen ("Three Worlds of Welfare Capitalism"). However, the thesis focuses its in- depth analysis on Germany and the United Kingdom as prototypical conservative and liberal states.

The heuristic text analysis, as well as the discourse analysis of party leader speeches, party manifestos and programmes, as well as the conducted expert interviews reveal that social, political, technological and economic changes during the given time period radically challenged and changed the norms and values of the welfare providers and with it the given welfare state, as well as the meaning, function and value of work. While many may argue that it was mainly the neo-liberal political and economic style that changed the attitude towards the welfare state, it was in fact just the trigger for a radical change in the interpretation of the basic social democratic values of freedom, justice and solidarity. This change made significant welfare state reforms inevitable and only with further changes can a balance and satisfaction within the welfare state system and within all welfare providing sectors (the state, the market, households and the third sector) be achieved. A new balanced social democratic approach for the 21<sup>st</sup> century is a 'symmetrical welfare state' that stands for mirror-image equality.



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## **AUTHOR'S DECLARATION**

At no time during the registration for the degree of Doctor of Philosophy has the author been registered for any other University award without prior agreement of the Graduate Committee. Work submitted for this research degree at the Plymouth University has not formed part of any other degree either at Plymouth University or at another establishment.

Relevant scientific seminars and conferences were regularly attended at which work was often presented; several papers were prepared for publication.

### **Publications:**

Proceedings of the PhD-Symposium for Applied Sciences 2014 "A future world of applied engineering, economics and social science", Hochschule München (2014)

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## **LIST OF ABBREVIATIONS**

CDU	Christian- Democratic Party
CPI	Consumer Price Index
DP	German Party
EC	European Community
EU	European Union
FDP	Free Democratic Party
GDP	Gross Domestic Product
GDR	German Democratic Republic
IPA	Interpretative Pattern Analysis
KPD	Communist Party of Germany
MISS	Munich Institute of Social Sciences
NHS	National Health Service
SED	Socialist Unity Party of Germany
SPD	Social Democratic Party of Germany
TUC	Trade Union Congress
UAI	Uncertainty Avoidance Index
UK	United Kingdom
UKIP	Independence Party
USA	United States of America
WFTC	Working Family Tax Credit

## I. INTRODUCTION

*“Placing politics in time can greatly enrich our understanding of complex social dynamics” (Pierson 2004: 2).*

This thesis maintains that the welfare state<sup>1</sup> is something which is not static. Both the welfare state and the wider state structure upon which it rests are shifting constantly, but not necessarily in the same way or in the same direction. These changing dynamics are highly relevant for political research since they shape the work of the political parties and their role in society. Political parties therefore constitute the democratic bridge between state and society. They are involved in government formation and thus can influence social policy making. The acceptance of social policies by society is one essential prerequisite for the success of social policy reforms governed by political parties.

Until October 1973 (beginning of the worldwide oil and economic crisis) most European countries were growing economically and expanding their welfare systems. The spread of neoliberal politics during the 1980s, especially under Ronald Reagan in the United States of America (USA) and in the United Kingdom (UK) under Margaret Thatcher created new economic systems and the relationships between the state, the market and society radically changed and challenged the political landscape of the democratic welfare states. Similarly, following the fall of the Berlin Wall in late 1989 and the end of the Cold War and communism many European countries had to deal with a new domestic and global economic order.

Negative demographic trends (OECD 2001, 2000, 1998) in almost all of the European countries had and still have a direct impact on the economic development of Europe. With the democratization of Eastern Europe, immigration flows in the European Union intensified during the early 1990s and started again to increase after 1997 with temporary and permanent foreign workers moving in order to meet labour market requirements in health care and new technology sectors (OECD 2003: 17) and another big wave came with the EU- eastern enlargement in 2004. Therefore, new migration policies, immigration and integration of foreigners became an important issue for political parties since it was seen as a method to deal with the

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<sup>1</sup> For reasons of simplicity the term ‘welfare state’ will be used throughout this work; it will also be used to refer to the German term ‘Sozialstaat’.

negative demographic trends within Europe and help to adjust the labour market “to preserve balance in the social protection systems” (OECD 2003: 57). In the UK for example “A8 citizens were able to freely and legally take up employment from May 2004 as long as they registered with the Worker Registration Scheme (WRS)”.<sup>2</sup>

A paradigm change took place during the mid- 1990s with the private and commercial use of the internet that changed the society and the economic system within Europe and around the world. The new economy boom was not only about the mutual interference of technology and economy, but also about the interrelation of economic theory and ideology Roesler (2004: 215) argues that

“during this time period it was common that the state moved away from steering the economy which seemed to show positive reactions regarding the continuous economic boom. The spreading of new technologies was also seen as evidence that this market economy was of a new quality, no more identical with the ‘old ones’ which moved in phases of economic growth and crisis and reproduced the difference between poor and rich over and over again”.

In the late 1990s Germany was called the ‘sick man of Europe’ (cf. Burda 2007). The structural changes in labour markets, such as the growing service sector and shrinking industrial sector put a lot of pressure on the European Community (EC, later EU)<sup>3</sup>. All the Member States of the EU were under considerable pressure to reduce costs by introducing new policies geared towards cutting costs and making the labour market more flexible. Direct effects of these developments were that employers kept wages low (to decrease expenses) rather than raise productivity to defend the debate on the competitiveness of the country.

With all of the above-mentioned problems, which included changed social, political and economic conditions and radical changes within the labour market a growing discourse came about regarding the legitimacy of welfare state and on how to secure the financing of social security within the welfare state. Around this time this discourse had two directions: one was about a crisis in the financing of welfare states and the demand to reduce benefits (i.e. pensions, unemployed, health etc.); the other discourse about the declining process of growth, high unemployment rates and “an

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<sup>2</sup> Source: EU- Migration <http://www.migrationobservatory.ox.ac.uk/briefings/migration-flows-a8-and-other-eu-migrants-and-uk>, (retrieved: 16.5.2015)

<sup>3</sup> The European Community (EC) or European Economic Community (EEC) became the European Union (EU) on 1 November 1993; for the sake of simplification the abbreviation ‘EU’ will be used throughout the work.



expansion in the entitlement to benefits on account of the wide scope of welfare measures” (Roller 1992: 2-3). This phase of the re-orientation of social politics in all European welfare states involved a controversial scientific discussion about new socio-political concepts. Rolf Heinze, a German sociology professor claims that the “classical thinking in national models was replaced by a comparative view across borders” (Heinze et al. 1999: 165). One special example of this was the so-called ‘Blair-Schröder paper’<sup>4</sup> (1999) that aimed explicitly at such intensification of the exchange of views between the social-democratic governments of Europe. The focus on ‘the Third Way politics and the new middle’<sup>5</sup> was an attempt to achieve common social-democratic politics in Europe. Therefore, transforming welfare was on top of every politician’s agenda during this time. Was there maybe one welfare system solution that could be used by all? The neoliberal politics that were followed intensively under the British Prime Minister Tony Blair and Chancellor Gerhard Schröder opened up a new radical approach towards the welfare state. So why did it eventually happen that the social democratic parties’ implemented major labour market reforms in two large economies in Europe influenced by neoliberal thoughts?

## **I.1 RESEARCH QUESTIONS**

The 1990s saw many radical shifts within the global political, social and economic spheres. In the wake of the spread of laissez- faire economics during the 1980s and decades of conservative rule, social democrats all over the world came back into power. Outstanding for this period though were the significant changes made to the welfare state, especially within the two major European economies- the UK and Germany.

As stated in the above introduction, this research will concentrate on the Labour Party in the United Kingdom, whose attitudes in the 1990s and at the beginning of the 21st century have been determined by the neoconservative politics of their opponents in office during the 1980s; and their German counterpart the Social Democratic Party of Germany (SPD), supporter and protector of the welfare state in Germany. During their periods in office between 1996 and 2007, both parties implemented a number of radical shifts within the existing welfare state system,

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<sup>4</sup> See more details on that in Chapter 2, section 2.3

<sup>5</sup> Third Way politics try to reconcile right-wing and left-wing politics by advocating a varying synthesis of right-wing economic and left-wing social policies, with a focus on the new middle class (Bobbio/Cameron 1997: 8). See also more detailed information in Chapter 3 of this work.

although it had been these two parties in the past that were mainly responsible for the birth, the long- established tradition and the growth of the welfare state.

The normative approach, which is the starting point of this work, is the subject of compensation systems for social justice within an existing welfare state. Against this background social compensation systems have been developed to create social security. Therefore, the normative determination is to create social justice in forms of social policy. While in the past these responsibilities were mainly seen in the hands of the state or left to the market, later on it also got associated with the third sector and households.

Both parties, the SPD and the Labour Party were in the past responsible for the creation of the welfare state system that still exists today. At the same time, they were also responsible between 1997 and 2007 for radical changes to the existing welfare system. This work will therefore not only focus on the changing attitudes of both parties towards the welfare state, but also on the effects that both parties started by generating shifts in values that at the same time changed the responsibilities in the production of welfare and spread it on the four welfare- providing sectors.

*The main questions this thesis tries to answer is (1) which mechanism led to the change in attitudes towards the welfare state on the part of the mentioned parties being studied and consequently (2) which effects did this change have on the existing welfare state, especially on the four welfare-providing sectors (the state, the market, society and the third sector)?*

Yet to understand the basic ideology of the 'welfare state' and its foundation in Germany and the UK, one has to understand first the political order of a 'state' including its political structures and instruments, as well as the what 'welfare' means and conceals.

John Clarke (2007) makes one very important remark with regard to the term 'welfare state'. He makes clear that states as well as welfare systems face all kinds of challenges and therefore do not always move in the same direction. When analysing the welfare state, one has to take apart the notions of 'welfare' and 'state'. Comparative studies of welfare systems require that a state is something that needs to be empirically analysed and examined separately from welfare (Schubert et al. 2008: 20-21). This is why in this thesis, the main approach utilised to analyse and compare the UK and Germany will be one of evaluating 'state' and 'welfare'

independently. By doing this we can examine the real needs of states and its citizens and what role states play or have to play and what kind of welfare these states offer to its citizens and in which form. What welfare state means and conceals will therefore be revealed in the following sections.

## **I.2 WHAT WELFARE STATE MEANS AND CONCEALS**

### **A) WHAT 'STATE' MEANS AND CONCEALS**

To define a 'state' is an almost impossible task (Boudon/Bourricaud 1988: 540). There is no sole definition for *state*. In general, a state is a political order in which a group, organization or institution has a special status in order to control or to extend the societies scope. In a modern state this is mostly done through the executive, the legislative and judiciary. Max Weber defines the state as a collective phenomenon of our modern society, which exists as a form of rational, impersonal and controllable rules of controlled power within a certain territory (c.f. Jellinek 1966: 129, Ganßmann 2009: 47). As we shall see, many famous political philosophers of the past have tried to analyse a 'state' or a 'state system'.

For some, the history of the origins of the western state lies with Plato and Aristotle in ancient Greece (Höffe 2001: 104-105). Both philosophers wrote of the 'polis' (city-state) as a model in which the whole community's religious, cultural, political, and economic needs could be represented and fulfilled. It was not until the 16th century that the modern western concept of the state emerged, in the writings of the Italian politician Niccolò Machiavelli and the famous French state theorist Jean Bodin. The latter was best known for his theory of sovereignty which had the theoretical approach that sovereignty is inherent in the nature of the state. Following these theories Thomas Hobbes reflected on the nature of the human beings who created it. The 'natural condition' of man, said Hobbes, is self-seeking and competitive (Benz 2001: 1-22).

In the 17<sup>th</sup> and 18<sup>th</sup> centuries John Locke and Jean- Jacques Rousseau re-examined the state with regard to its origins and purposes. Of decisive importance during the early part of this period was the 'Peace of Westphalia' which was a series of peace treaties signed between May and October of 1648 in Osnabrück and Münster. These treaties ended the Thirty Years' War and began a new system of political order in (central) Europe. This order was based upon the concept of a sovereign state governed by a sovereign. Without intergovernmental relations there

is no state and only through the recognition by other sovereign entities begins a territorial state to exist. Therefore, the Peace of Westphalia can be regarded as the birth of the modern system of territorial law and that is based on the mutual recognition of sovereignty (Murphy 2000: 123 ff.).

During the French Revolution (1789-1799) the topic of sovereignty played an important role. The fundamental document 'Declaration of the Rights of Man and of the Citizen' of this revolutionary time stated that the "the principle of all sovereignty lies in the principle and essence in the nation: no body and no individual can exert authority which does not expressly derive from it" (c.f. Article 3). From now on, in theory, if not in practice, the 'nation' became a relevant political actor, able to determine who belongs to the nation and who represents them politically (Xenos 1996: 238). The creation of nation-state institutions played an important role in this process.

The emergence of nations and nation-states in other regions of Europe did not always follow the French model. The German nation-state founding in 1871 was regarded by German patriots as a long overdue step. The Congress of Vienna of 1815 was the defining point in modern German history. It redrew the boundaries of Europe following the final fall of Napoleon. Austria in particular wished to create a German Federation of individual member states. The goal of the new federation was the "preservation of Germany's peace at home and abroad, and the independence and inviolability of the individual German states"<sup>6</sup>.

During this time in the 19th-century German philosopher Georg Wilhelm Friedrich Hegel drew the distinction between society and state in his work 'Elements of the Philosophy of Right'. Later Karl Marx viewed the state as having become an 'apparatus of oppression'. Friedrich Engels defined the following three steps that would lead people to replace the government: first by a 'dictatorship of the proletariat', followed by the 'withering away of the state', and then by a classless society based not on the enforcement of laws but on the organization of the means of production and the fair distribution of goods and property (Heidenreich 2002: 419); Britannica Online Encyclopaedia 2011: 'dictatorship of the proletariat'). Alexis de Tocqueville rather focused on all non-state aspects of society, including culture, society and politics (Britannica Online Encyclopaedia 2011: 'state'; Benz 2001: 224-

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<sup>6</sup> Brown, Lorry (2007). Source: <http://lorribrown.suite101.com/the-congress-of-vienna-a37112>, (retrieved: 28.3.2012)

225). This shows that the “state” is something which is difficult to define and analyse in just one way. The state is a political construct involving so many ‘players’, that for the purposes of this work, the focus will be on the modern state that we know today. What then about the “modern state” that we know today? It became democratized by the political mobilization of citizens. Before the advent of the modern state people were often only seen (especially in monarchies) as ‘subjects’. Today citizens are members of a political community who enjoy the rights and assume the duties of membership (Leydet 2011).

In the period of the industrial revolution the state started to develop a social conscience (van Suntum 2005: 201). The process of industrialization led to an immense movement of citizens from the countryside into the cities. This shift from a mostly ‘passive’ and unseen population from the countryside to more ‘active’ city citizens with new wants and desires forced the political order of the cities to react and adapt to the new needs particularly by developing social services. The new role of the state was in reaction to the concerns and needs of its citizens and transformed the state into a welfare state (Rokkan 1974). Skocpol (1985: 28) states that “[w]e do not need a new or refurbished grand theory of ‘The State’, rather, we need solidly grounded and analytically sharp understandings of the causal regularities that underlie the histories of states, social structures, and transnational relations in the modern world”. Ruut Veenhoven (2000: 91) points out that “[a]ll human societies provide various welfare services to members who cannot earn their keep”. The people in power that ‘led’ the state realized during the nineteenth century that the state needed to integrate this new labour force and provide some kind of social services to them (Alber 1982; Flora/Heidenheimer 1982). To prevent Socialists from winning a majority and in order to impede radical socialist alternatives the outcome of this social democratic (r)evolution the ‘welfare state’ evolved. Since then, the welfare state has become one of the most complex and dominant ‘institutions’ of modern democracies. In summary this shows that the nature of the “state” is so important because it explains the main nature of the welfare state.

## **B) WHAT ‘WELFARE’ MEANS AND CONCEALS**

Welfare refers to the well-being of individuals or a group. It can take a variety of forms, such as social insurance and health services, housing services or all kinds of monetary payments (i.e. pension systems) that are provided by public or non- public means, i.e. governments, non-governmental organizations, or a combination of the

two. Welfare can take many forms in various countries or contexts, but welfare is commonly provided to families, individuals like the elderly, unemployed or with illness or disability, etc.

Traditional studies of the welfare state analyse the development and history, examine types, models and classifications, approaches, debates and current issues, compare and assess the future of welfare states. Welfare state is a concept of government in which the state plays a key role in the protection and promotion of the economic and social well-being of its citizens. It is based on the principles of equality of opportunity, equitable distribution of wealth, and public responsibility for those unable to avail themselves of the minimal provisions for a good life (Britannica Online Encyclopaedia 2011: “welfare state”).

The birth and modern use of the term ‘welfare state’ originated in the UK and first appeared in the Report (Beveridge Report<sup>7</sup>) on Social Insurance and Allied Services (1942) by Sir William (later Lord) Beveridge. In this report the welfare state is associated with the comprehensive measures of social insurance adopted in 1948 by the UK (Kavanagh et al. 2006: 547-550).

What characterizes the modern welfare state that we know today is the impact of the industrialization, population growth and the changing social composition of the population, economic growth, growth of political democracy and the rise of political citizenship (Pierson 2006: 16). Alber (1989: 30) went one step further by defining the welfare state as follows:

- political reactions on the societal structural change in the context of modernisation
- that exists due to state interventions (within the dimensions of income, health, living and education)
- and focuses on the support for security and equality of its citizens.

A state therefore begins to become a welfare state when it acknowledges some responsibility by means of a legal obligation to supply some special goods and services.

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<sup>7</sup> In 1941, the government appointed Sir William Beveridge to head an inquiry into Social Insurance and Allied Services. The report of the inquiry was published in 1942. In 1944 the government published a White Paper setting out its response to the Beveridge Report.

The last decade's welfare state debates and academic analyses have centred upon the dimensions of retrenchment, recommodification, and recalibration of public policies and on the nation state as a financier and provider of social policy. While identifying some welfare state transformations within states, some argue that this shift did not explicitly address the shifting boundaries between 'private' and 'public' (Pierson 2001b: 13).

Esping- Andersen (2006: 66) states that "[t]he risk structure that underpinned the post-war welfare state has, however, changed radically – while most welfare states have failed to adjust" to globalization. Offe (2001) exemplifies this by stressing that one of the main questions in regards to the welfare state is that the welfare state is either the basis for citizens to be free and independent or its costs can develop to a moral and economic threat.

The social sciences also try to interpret the welfare state in terms of its basic function. Here discussions about the welfare state mainly focus on three interpretations of the welfare state: the socialist (for example Karl Marx), the conservative (Emile Durkheim) and the liberal (Max Weber). Those basic political interpretive patterns are referred to by Alber (1989) in his work concerning the German welfare state. He states that the Marxist viewpoint sees the welfare state as a new level of development of capitalism, while the liberals see it as a specific form of advancing bureaucratic sovereignty. Durkheimian conservatives believe that the welfare state is a consequence of democratization and modernization of the state (Alber 1989: 23).

Another debate centred on the two sides of the welfare state. On the one hand there are needs of citizens that should be handled by the state; on the other hand, those needs also create costs for others within the state. Welfare is often associated with needs, but "it goes beyond what people need" (Spicker 2010). What are the needs of our society? And what kind of welfare do we need? What does the state need to provide? In order to meet the needs and preferences of individuals, more choices, especially including private measures, need to be made accessible according to Anthony Giddens (1998).

The aforementioned debates lead to internal as well as external transformations of the democratic system. Different types of welfare states react to the effects and causes of this transformation in various forms (Jobelius 2007: 2).

Since its birth during the industrial revolution the welfare state has gone through four main phases of transformation. Mainly responsible for this transformation were political parties. Hix (2008: 1262) points out, that political parties play a major role in shaping society. Since the end of the Second World War, the electoral performance of the two parties shows comparable periods in opposition and power. Please see below the electoral performances of the Labour Party and SPD since 1945.

Electoral Performance of Labour		Electoral Performance of SPD	
Time of Election	Outcome of Election	Time of Election	Outcome of Election
1945/1950	Labour	1949/1953/1957	Conservative coalition with FDP* (and DP*)
1951/1955/1959	Conservatives	1961/1965	Conservative coalition with FDP
1964/1966	Labour	1966	Conservative coalition with SPD
1970	Conservatives	1969/1972/1976/1980	SPD coalition with FDP
1974 (February)	Hung Parliament (Labour minority)	1983/1987/1990/1994	Conservative coalition with FDP
1974 (October)	Labour	1998/2002	SPD coalition with The Greens
1979/1983/1987/1992	Conservatives	2005	Conservative coalition with SPD
1997/2001/2005	Labour	2009	Conservative coalition with FDP
2010	Hung parliament (Cons./Lib./Dem.)		

**Table 1: Electoral performances compared, (\*FDP is the ‘Free Democratic Party of Germany’ and DP (1949/1953) was the ‘German Party’) (own table)**

Furthermore, the power of a prime minister in the UK is different from the power held by the German Chancellor. The British prime minister “may be described as enjoying the most generous appointment power of all heads of government in Western Europe” (Helms 2005:232). In Germany, for example, politicians need to deal with many veto- players and therefore policy-making is much more complex than in the UK.



Dorian Woods<sup>8</sup> writes in her paper that “the role of the welfare state is crucial in the organization of society and markets, and policy reformers have reached a new consciousness of the serious and difficult tasks ahead. Even Milton Friedman, who promoted the freedom of the market, did not advocate a pure market solution for a competitive and prosperous society (Friedman 1962: 7-21). A careful planning of goals, an understanding of how the welfare state must actively achieve its goals, and a consideration of how its influence will be best used to produce a better society, are the daunting tasks of politicians and policy makers of this modern age”.

In order to facilitate an understanding of the complexity surrounding the issue of why parties and its leaders influence changes within a political system and therefore also changes to the welfare system the basic political structures and instruments of Germany and United Kingdom need to be outlined. The different phases of transformation are detailed below with a special focus on the development of the German, as well as the British welfare state.

### **C) WHAT ‘WELFARE STATE’ MEANS AND CONCEALS**

#### ***FIRST PHASE- INDUSTRIAL REVOLUTION UNTIL 1945***

The birth and constitution of the welfare state can be placed between the period of the industrial revolution and the Second World War. During this period major socioeconomic changes took place. The Nobel Prize winner Robert E. Lucas, Jr. put it the following way: “For the first time in history, the living standards of the masses of ordinary people have begun to undergo sustained growth [...] Nothing remotely such as this economic behaviour has happened before” (Lucas 2002: 109-110). People therefore were not just seen as workers, but as workers with rights and people who provided work got obligations to look after their workers. All of these changes got supported in form of political work and the creation of ‘official’ legislations and regulations.

In Germany, for example, the foundations for the social legislations within the state focused on the labour question, while the focus in United Kingdom was on the

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<sup>8</sup> *The Welfare State and Pressures to Reform. A Literature Review*- Available from: [https://www.researchgate.net/publication/237390833\\_The\\_Welfare\\_State\\_and\\_Pressures\\_to\\_Reform\\_A\\_Literature\\_Review](https://www.researchgate.net/publication/237390833_The_Welfare_State_and_Pressures_to_Reform_A_Literature_Review) [accessed Jun 14, 2017].

'poor'<sup>9</sup> (c.f. Mommsen 1982: part 1). Bismarck's main goal was to integrate the labour force into the state and the society, especially to hinder them from any revolutionary socialism. The United Kingdom's first social legislation had to do with mass poverty within the country. Only with the National Insurance Act of 1911 (providing for insurance services during sickness and unemployment) the Liberal government introduced elements of a welfare state system in United Kingdom.

With regard to Germany, the term 'Sozialstaat'<sup>10</sup> (social state) has been used since 1870 to describe state support programmes implemented through Bismarck's conservative reforms (Asa Briggs in Pierson/Castles (eds.) (2006): 19-21). In 1883/1884 one of the first principles of welfare were introduced in the German Empire by Chancellor Otto von Bismarck ('Deutsches Reichsgesetzblatt': 15 June 1883). He aimed to stimulate German economic growth by giving workers greater security within the new industrialized cities and tried to impede on radical socialist ideas that emerged during those times. His social insurance programmes were the first in the world and became the model for other countries and the basis of the modern welfare state. Bismarck introduced old age pensions, accident insurance, medical care and unemployment insurance (Hennock 2007: 71-100).

The foundations for today's national insurance in Germany were thus laid by Bismarck's social legislation. The first of Bismarck's measures was the introduction of the sickness insurance law in 1883. This was followed by the Accident Insurance Law in 1884 and the Old Age and Invalidity Insurance Law in 1889. Unemployment insurance, on the other hand, "did not exist in those days yet and was only set up in 1927 as government monopoly insurance" (Van Suntum 2005: 213).

In introducing a social security system Bismarck's laws anticipated, in its main features, the present system of social security. Germany's social insurance system became a prototype for many other European countries and Germany became a leader in providing social security policies, by extending welfare provision and providing security to ever more groups of citizens (Butterwegge 2006: 44, Schmidt 1998: 23). As indicated earlier, in Britain the first act in terms of the creation of a

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<sup>9</sup> Definition according to Merriam- Webster Dictionary: "having little money or few possessions, i.e. not having enough money for the basic things that people need to live properly". Source: <http://www.merriam-webster.com/dictionary/poor>, (retrieved: 14.10.2013)

<sup>10</sup> The term 'welfare state' will also be the English synonym for the German 'Sozialstaat'. For reasons of simplification only the term 'welfare state' will be used throughout this work. The term was not, however, applied to all states offering social protection. The sociologist T.H. Marshall identified the welfare state as a distinctive combination of democracy, welfare and capitalism.

social security system was the National Insurance Act of 1911 which was enacted by David Lloyd George and his Liberal Party. This act set up a national insurance contribution for unemployment and health benefits (Bentley 1976: 1058-1066).

Moving on, we find that the Great Depression led to an economic collapse in industrialized countries all around the world that began in 1929 and lasted until about 1939. During the Great Depression, the welfare state was seen as an alternative 'middle way' between communism and capitalism (O'Hara 1999: 1245). Especially rising unemployment and poverty in reaction to the Great Depression ultimately resulted in the creation of more extensive welfare systems after 1945. The United Kingdom was economically exhausted and 'cradle-to-grave' services became a reality in the wake of poverty and warfare.

The British government commissioned a report in 1941 that laid out various ways in which Britain could be rebuilt after the World War. In 1942 the Beveridge Report on "Social Insurance and Allied Services" by Sir William Beveridge, a British economist and social reformer was published. The report recommended that the government should find ways of fighting the five 'Giant Evils' of 'Want, Disease, Ignorance, Squalor and Idleness' and stated that "All people of working age should pay a weekly national insurance contribution [...] In return benefits would be paid to people who were sick, unemployed, retired or widowed" (Beveridge Report, later with title 'Full Employment in a Free Society' 1944).

In his commentary 'The New Politics of Welfare State' Paul Pierson (1996: 208) refers to the Beveridge Report as something that "was for long seen as one of the main pillars upon which the post-war order in Britain had been built". When examining the history of British welfare more specifically, Derek Fraser notes in his book 'The Evolution of the British Welfare State' that the term 'welfare state' itself did not become commonly used until the 1940s, and it is in that decade that we can, with unusual chronological specificity, pinpoint the beginning of the modern welfare state. In addition to the Beveridge Report (1942), the wartime government introduced free school meals and milk in 1934 and it also sponsored the 1944 White Papers on education, strategies for achieving full employment, and the creation of a national health service.

To sum up, the first phase of the development of the welfare state included its birth and basic foundation within the state of Germany around 1870 and in the UK

(when the term 'welfare' was used first) around the 1940s. While the focus of the German welfare state was mainly on the labour question, the British system mainly focused on the poor.

### ***SECOND PHASE- 1945 UNTIL THE 1970s***

States and governments that had experienced the wave of revolt after the First World War wanted to make sure that deep reforms reduced the risk of mass social unrest after the Second World War. The second and most important period for the burgeoning welfare state was the period from the end of the Second World War until the year of the oil crisis of 1973. This period can be called the 'golden age' of the welfare state. This was a time where the welfare state prospered throughout (Western) Europe and almost all of the Western European states moved from partial or selective (basic) provision of social services to relatively comprehensive coverage (Esping- Andersen 1999; Rice, Goodin, Parpo 2006). The promulgation of a Basic Law in 1949 in Germany (especially the Article 1, 20 (§1) and 28 §1- sentence 1) states that Germany is a social state<sup>11</sup>, which meant that from now on the German state had the obligation to act not just democratically but also socially.

In 1945, the British Labour Party defeated Winston Churchill's Conservative Party in the general election and the changing attitudes to social policy in wartime Britain were reflected in the series of reforms introduced by Clement Attlee's post-war Labour government of 1945-51 (Fraser 1986: 245 ff.). The new Prime Minister announced he would introduce the welfare state as outlined in the 1942 Beveridge Report. This led the UK to becoming a modern welfare state. Attlee's 1945 Labour government pledged to eradicate social evils, and undertook policy measures to provide for the people of the United Kingdom 'from the cradle to the grave'.

On 5 July 1948 the connected schemes of insurance, assistance and medical care first came into operation in Britain. It was indeed a very important day as the Daily Mirror explained, "The great day has arrived. You wanted the State to assume greater responsibility for individual citizens. You wanted social security. From today on you have it" (Fraser 1986: xxi). An outstanding example of these reforms was the National Health Service. Health secretary Aneurin Bevan wanted to provide

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<sup>11</sup> Article 20: „Die Bundesrepublik Deutschland ist ein demokratischer und sozialer Bundesstaat.“  
Article 28: „Die verfassungsmäßige Ordnung in den Ländern muß den Grundsätzen des republikanischen, demokratischen und sozialen Rechtsstaates im Sinne dieses Grundgesetzes entsprechen.“

healthcare services for all British citizens. He therefore united hospitals, doctors, nurses, opticians, dentists and pharmacists, under one umbrella organisation called the NHS. This service was available to all and financed entirely from taxation by people paying into the service according to their means. Below is the list of the main legislative reforms brought forward by Atlee's government:

Year	Act
1944	<ul style="list-style-type: none"> <li>• The (Butler) Education Act which reformed schooling,</li> <li>• Implementation of policies designed to fulfil the commitment to full employment</li> </ul>
1945	<ul style="list-style-type: none"> <li>• The Family Allowance Act</li> </ul>
1946	<ul style="list-style-type: none"> <li>• The National Insurance Act</li> </ul>
1948	<ul style="list-style-type: none"> <li>• The National Health Act (free medical treatment for all), aimed at achieving that very objective, and established for the first time a national minimum.</li> <li>• The National Assistance Act and the Children Act</li> </ul>
1949	<ul style="list-style-type: none"> <li>• The Housing Act</li> </ul>

**Table 2: Main legislative reforms between 1944 and 1949 (own table)**

In summary it can be said, therefore, that far- reaching reforms dealt with the social problems of the British society after the Second World War. The state thought to have found some concluding solutions for some of the present problems. The social concept of Britain at the time was based on a model of full- employment and small families. Through demographic and social variances, the previous welfare services were no longer viable (Schönwälder 2002: 250). During the 1950s and 1960s welfare provision was very much appreciated and acknowledged by the state and the society. During the 1970s the world had to deal with an oil and economic crisis, which led to major political unrest and financial problems. As a consequence, when Labour was in power between 1964 and 1970 and 1974 until 1976 under Harold Wilson the financing of the British National Health Service (NHS) increasingly became a key political issue.

For Germany, the beginning of the Second World War signifies the third period in the progress of the welfare state. Adolf Hitler proclaimed that the welfare state was ‘coddling’ the German population. The only welfare services that the Nazis introduced were child benefits, the taxation of the total income of a married couple on the basis

of equal halves and a health insurance for retired persons (Butterwegge 2006: 62-63). Still most of the appropriation of reserves of the social insurance for the purpose of financing the war ruined the financial foundations of the social insurance systems. Following this period the welfare state needed to be reconstructed and restored (Hegelich and Meyer in Schubert et al. 2008: 129). One outstanding point has to be mentioned here. The end of the Second World War was for Germany in general a period of re-birth. Germany had due to its defeat, in comparison to the UK, not only the possibility to build a new form of welfare state, but moreover the possibility to build up a new state from scratch. It was therefore necessary to contemplate the political possibilities and opportunities. The monetary reform after the war was hereby a decisive and important building block for the country's development into a "social market economy" and the further development of the social state. Ludwig Erhard, Federal Minister for Economic Affairs was seen as the father of the "German economic miracle" and the social market economy and he wanted to create "prosperity for all" after years of war and destruction.

The second phase of the welfare state was a phase of restructuring and growth of the welfare state. Some call it the 'golden age' since it included a relatively comprehensive coverage of social services. The British named it the 'cradle to the grave' welfare system, while the Germans even included within their Basic Law of 1949 that the state had the obligation not just to act democratically but also socially. With the oil and economic crisis during the 1970s more issues of problems in financing the welfare state, in areas of housing and the NHS started to appear.

### ***THIRD PHASE- 1970s UNTIL THE 1990s***

As a consequence of the world economic crisis affected many welfare states by forms of discussion about the crisis and dismantling. As mentioned above much of the politics of welfare in the 1980s revolved around 'cuts' and restrictions in public spending designed to allow tax cuts, particularly reductions in the rates of income tax. In the UK

"measures to boost economic activity and reduce unemployment sucked in extra imports, thereby worsening the trade balance, and seemed to lead to unacceptable rises in inflation. The financial markets' loss of confidence meant a sharp slide in the value of sterling, which in turn led to the International Monetary Fund's 'rescue' in 1976. The IMF granted a loan to the British government in return for spending cuts and continued anti-inflation policies. That

this happened at a time of high unemployment seemed to signal the end of the era of following Keynesian economic policies” (Heffernan 2000: 6; Kavanagh 2011)

and therefore less interventionism. 1979 marked a period in the United Kingdom with a need for radical change. In turn, Margaret Thatcher’s policies divided the British political and public opinion.

There was never a comprehensible methodology to welfare during the rule of Thatcher. The government only insisted that it could no longer be a universal provider and welfare state benefits became increasingly subject to means-testing. Following the periods of recession in 1981-82 the goal of full employment was abandoned yet the NHS budget continued to increase. The demand for welfare services increased rapidly due to increasing unemployment and the growing elderly population which led to an increase in the use of health and welfare services (Hills 1998: 5). Consequently, the British Conservative government (1979 to 1997) urged for even more radical reforms designed to make the private sector stronger and at the same time maximising state controls (in form of more supervision, certifications etc.) in regards to these politics (Mittan 2008: 263).

In Germany, in addition to dealing with the world economic crisis, a new phase was entered into with the fall of the Berlin Wall. The unified German welfare state suddenly also had to deal with a new definition of what the state of Germany was and represented. Many more social reforms had to be implemented to deal with all the challenges that had suddenly surfaced (Hegelich and Meyer in Schubert et al. 2008: 129).

The third phase of the welfare state development was a phase of crisis and dismantling with policies that focused on retrenchment, recommodification and benefit cuts. In the UK ‘Thatcherism’ was the British expression for the social and economic policies under Prime Minister Margaret Thatcher which included a state that was smaller and did less. In Germany, Chancellor Helmut Kohl also made cuts in the areas of unemployment and welfare benefits, and the fall of the Berlin Wall led to even more political and social challenges for the whole country.

#### ***FOURTH PHASE- 1990s UNTIL TODAY***

The period following the 1990s can be called the reforming period, a period of improvements by alteration within the two presented welfare states. The ‘Third Way’ politics spread through United Kingdom and Germany led by Tony Blair and Gerhard

Schröder. In a way, the Third Way represented the renewal of social democracy in a world where the views of the old left had become obsolete, while those of the new right became inadequate and contradictory (Giddens 1998). In the words of Anthony Giddens, the Third Way focuses on growth but also aims at greater social justice as well as debates about path dependency and convergence (Kaufmann 2005: 314).

Increasing globalisation, as well as technological developments in Europe during the 1990s seemed to put some pressures on the welfare state systems within Europe. All of these changes led partly to modifications of the welfare state systems and a search for reasons why such pressures were felt. In the UK discourses still evolved around poverty reduction and issues of social justice, but also around the financing of the welfare state emphasized by a hostile language towards benefit recipients; in Germany debates still circled around the issue of work, but also about the so called competitiveness of Germany as a business location and later on about the unwillingness of some to work and contribute something to the state (Küster 2007: 137).

The year 1997 (when Tony Blair became prime minister) represented a turning point in welfare policies in the United Kingdom. Conservatives were charged by some of their opponents that their only goal was their continuous retrenchment with regard to the welfare state. From this point of view “it may come as something of a surprise to see from Figure 1 that in its last year in office (1997), that the Conservative Government devoted almost the same share of national income to the main welfare services as its Labour predecessor had twenty years before” (Hills 1998: 2).

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**Figure 1: UK government welfare spending 1973/4 to 1997/8 (Hills 1998:2)**

During this period the Conservatives had to deal with two major political and societal issues that forced them to spend about the same amount of money on welfare as had Labour. First of all, the demand for welfare services increased rapidly due to increasing unemployment. This is shown in Figure 2. A boom in the late-1980s led to a fall of unemployment rates, but the male unemployment rate again reached 14 per cent in 1993. Simultaneously the elderly population was growing steadily,



which led to an increase in demand for state pensions, health services, personal social services and residential care (Hills 1998: 4-5).

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**Figure 2: UK unemployment rates in percentages from the 1970s to 1998 (Hills 1998:5)**

Labour inherited from the Conservatives a welfare state 'where its pragmatic response was to accept or modify the reforms that appeared to work, and reject those that did not' (Powell 2000: 57). Some of the reforms included in July 1998 a White Paper on 'Modern Public Services for Britain'. This contained the notion that more money on 'good welfare' (health, education) should be spent compared to 'bad welfare' (social security). Indeed, in February 1999 the new "Welfare Reform Bill and Pension Bill" referred to the idea that there is no unconditional right to benefit' which Blair claimed signalled the 'end of the something-for-nothing welfare state'<sup>12</sup>.

Welfare state analysis reveals a lot about the development and history of the welfare states, types, models and classifications and how to make international comparisons. Within this context it is interesting to examine how exactly the so called crisis of the welfare state evolved and in which direction the reformation of the 'welfare state' is moving. In general, it is important to rather look at welfare systems than welfare states, because today welfare is an independent variable. One of the hypothesis concerning the development and reform of the welfare state is that the state providing welfare will fade more and more from the spotlight and new actors, for example charities, informal social groups, religious groups, foundations, non- profit organisations or inter-governmental organizations will move onto centre stage. The trend in liberal as well as corporate welfare states is on reducing state costs for welfare, and to appeal on the society as a community. Still, a significant role for the creation of the welfare state is played by political parties. So what kind of research has been done so far and what is still to come? The next section will give a literature review of the most relevant literature dealing with the topic of the welfare state and its stakeholders.

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<sup>12</sup> Source: BBC News (10 February 1999). Published at 18:36 GMT  
[http://news.bbc.co.uk/2/hi/uk\\_news/politics/276927.stm](http://news.bbc.co.uk/2/hi/uk_news/politics/276927.stm), (retrieved: 13.7.2015)



integration, while economic policy is concerned with a bilateral transfer and no concern for purely social deliberations (Titmuss 1968: 22). But then again Titmuss also dealt with discussions about issues of social welfare. For him social welfare is rooted and grounded in his social philosophy. He states that “[t]here is no escape from value choices in welfare systems”, and he generally rejects the idea that the social sciences can ever be “value free” (Titmuss 1974: 132). Furthermore, Titmuss concentrated on the distinction into three welfare state models, the residual, the performance based and institutional welfare state. With regard to the structure and definition of welfare states Titmuss noted in his “Essays on the Welfare State” (1959) that the social welfare system may be larger than the welfare state. He went on to claim that the welfare state had to define the characteristics of Britain's post Second World War state and society. The welfare state itself can therefore have many forms, defining it, is another issue.

The most famous definition of ‘welfare state’ is that of Asa Briggs in ‘The Welfare State’ from 1961. He argues, that a welfare state is one where there are three types of activities: provision of minimum income, provision for the reduction of economic insecurity resulting from such ‘contingencies’ as sickness, old age and unemployment, and provision to all members of society of a range of social services (Briggs 2006: 16). Briggs hereby emphasizes the minimal to optimal social services of the state. Furthermore he identified three principal elements of the welfare state (see also section “What ‘welfare state’ means and conceals”); Harold Wilensky instead defines the ‘welfare state’ in his 1975 work “The Welfare State and Equality” in the following way: “The essence of the welfare state is government- protected minimum standards of income, nutrition, health, housing and education, assured to every citizen as a political right” (Wilensky 1975: 1); Peter Flora interprets the welfare state in a most conclusive way. He says that the welfare state is a reaction to two main developments within our society. One is the growing desire for socio- economic security, the other for socio- economic equality. Both of these resulted from societal changes after the industrial revolution and birth of nation states and democracies (Flora 1982). The urge to define a welfare state enhanced the interest in understanding the processes of the creation of welfare states.

In the 1980s Abram De Swaan (1988) therefore focused his research on the historical development and the comparative sociology of the emergence of welfare states and Douglas Ashford (1986) explained the development of the welfare state by

means of the political process. Here Ashford laid his focus on political institutions of Western democratic welfare states and their adaptation to changing societal and political environments. These researchers showed in how many different ways the birth of the welfare state can be identified and eventually in which way the development in the growth of government to its political and theoretical underpinnings is linked.

The creation and development of welfare states were and are influenced by social, economic and political processes. Significant patterns hereby were political instabilities like wars and economic and financial crises. All of these had an impact on welfare states and research therefore shifted from research focusing on welfare state expansion, to welfare state retrenchment.

Hereby Preller (1978: 85 in Hegelich and Meyer) notes that the First World War was the breaking point in the development of the welfare politics. After the War governments had to deal with revolutionary waves of revolts. Back then the welfare state mutated into an interventionist state that tried to control the public and with the passage of the imperial constitution in 1919, welfare politics reached the next level. The welfare state also had to take some steps back during the world economic crisis of 1929 (Hegelich and Meyer in Schubert et al. 2008: 129

Jens Alber (1982, 1988, 1989) focused his works on the positive or negative development of the German state and other European welfare states after the 1970s. In his work 'The New Politics of the Welfare State' Pierson also cites Jens Alber (1988) and argues that "most affected were welfare and unemployment insurance benefits that could be considered a hindrance to labour market flexibility. While these benefits were relatively well protected under the SPD-led coalition of the late 1970s, they experienced disproportionate reductions after 1982" (Pierson 1996: 168). The Kohl government focused on cuts in the areas of unemployment and welfare benefits. These cuts triggered protests from the SPD and unions, since the conditions of the unemployed had substantial consequences for workers (OECD 1988)<sup>13</sup>.

With regard to the debate concerning welfare state retrenchment, political parties and welfare state institutions played an important role (Korpi 2003: 589). Some researchers argue that such stages of ideological transformation are produced

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<sup>13</sup> By 2040 pensions are expected to account for 61% of German social expenditure, compared with 40% in Britain and 44% in Sweden. OECD, *Aging Populations: The Social Policy Implications* (Paris: OECD, 1988).

by conflicts between welfare state interest groups and political parties (Esping – Andersen 1990, Korpi 1989), while other researchers focus on matters of post-industrial change (Pierson 2001a).

Another aspect of the retrenchment debate was sparked off by Pierson's work, concerning what might be labelled the 'dependent variable problem' (Pierson, 1994, 1996, 2001). As the term suggests, the 'dependent variable problem' is about defining the object of the entire retrenchment debate. This involves questions such as which changes to welfare states should be classified as retrenchment, how one separates retrenchment from reform and reconstructing and which data are most appropriate for empirical investigations of retrenchment outcomes.

Pierson (1996: 143-179) seeks to lay the foundations for an analysis of welfare state retrenchment and claims that because retrenchment is a distinctive process, the retrenchment process is unlikely to follow the same rules of development that operated during the long phase of welfare state expansion. There are two fundamental reasons for this. First, the political goals of policymakers are different; second, there have been dramatic changes in the political context. In Germany for example, one indication of a distinctly conservative cast to retrenchment initiatives prior to 1989 came in the pattern of benefit cuts.

Following this period, a lot of scientific works dealing with the 'crisis of the welfare state' as well as the 'dismantling of the welfare state' were published (Butterwegge 2006; Huber, Stephens 2001; Schmid; Niketta 1998; Starke 2006/2008; Svallfors, Taylor- Gooby 1999). A macro- research- focus was laid on the analysis of policies that fit into the wider concepts of retrenchment and recommodification (Bonoli, George, Taylor-Gooby 2000; Leibfried, Mau 2008; Pierson 1994). This research showed the variance of welfare policies all over Europe and opened up the way for comparing welfare state systems in more detail. But a good theoretical framework for comparing these states was still missing.

With the beginning of the 1990s researchers such as Gosta Esping- Andersen (1990) or Paul Pierson (1994) focused their research on the outputs of the welfare state in a modern state (Cox 1998: 2). The best example of this shift in focus was the theory to the 'three-model' typology of welfare. According to this approach which was developed in the 1970s, European welfare states had emerged into three types that differ by the degree to which such principles as universality, solidarity, etc., are

institutionalised. Employing the assumption of 'path dependency', scholars can then assume that the three types of welfare state produce three different types of responses as governments try to address such new pressures as post-industrial economic adjustment (Esping-Andersen 1990; Mishra 1990).

Esping- Andersen (1990: chapter 2-4) defines in his fundamental analysis 'The Three Worlds of Welfare Capitalism' three types of welfare regimes. The corporatist type, under which Germany falls, is work-oriented and based on individual contribution. The liberal type under which the UK falls is associated with poor relief that maintains class distinction based on income. The social democratic type which favours Universalist values is mostly seen in Scandinavian countries.

All three regimes are characterized by several key variables that formulate a systematic comparison of how policies and programmes are reflected within the welfare state. The three main variables are "the degree to which labour is decommodified, the relationship of entitlements to need, contributions, or citizenship, and the type of the public-private mix in social provisions, particularly pensions" (Van Voorhis 2002: 4).

Esping- Andersen's work has been used by many other researchers for further exploration. Some researchers added more European regime types, and some focused on making a comparison between the Beveridge and Bismarck reforms. Hereby Leibfried (1993) and Ferrera (1996) suggested that Mediterranean states should also constitute a separate regime. These regime types have limited social security, and a very traditional family or community orientated emphasis. According to Skocpol (1992: 41) the making of welfare policies should be put in a broader "structured-polity" context that eventually help to explain the distinct types of welfare regimes. And in 2000 Korpi produced one of the first comprehensive studies of regime variations with a special focus on gender, class and patterns of inequalities in different countries. In general, these comparisons show and showed that welfare state systems are quite substantially different (Ganßmann 2009: 18).

Van Vorhiis (2002) expended the research of Esping- Andersen and examined the operational assumptions, measures, and calculations used in categorization of the welfare state. Van Vorhiis states that "the findings reveal critical methodological weaknesses in the conceptualization and quantification of decommodification

measures, which form the empirical cornerstone of distinct regime theory". With regard to Esping- Andersen Van Vorhiis also stated that the

"[i]mpressive quantitative comparative study of 18 countries greatly extended the boundaries of empirical socio-political welfare state analysis--providing a strong quantitative socio-political response to Wilensky's (1975) landmark functionalist study of convergence. Second, the work builds upon the theoretical contributions of Titmuss (1974) and other earlier theorists, and refined the differences between welfare states by identifying three distinct regimes. Third, in focusing on separate welfare state regimes, this study offers an explanation for the causes of welfare state differences" (Van Voorhis 2002: 3-4).

Inspired by Esping- Andersen's work Amable (2005) developed a new model of welfare regimes types. He found five theoretically founded ideal-types: market- based economies (UK), social democratic economies (Sweden), Asian capitalism, continental European capitalism (Germany) and South European capitalism (Portugal). Amable hereby considered five variables for the model: product markets, labour markets, financial systems, social protection and education systems.

All these theoretical frameworks enhanced the focus on comparing states. Esping- Andersen's work is still, although with some legitimate criticism to some of his research, the most famous and used in welfare state research. At the end of the 1990s the research started to switch to a more detailed comparison of welfare state policies and its modifications.

While in 1997 Franz- Xaver Kaufman (1997) focused his research on the challenges of the welfare state and almost 10 years later in 2005, on a comparison of different versions of welfare states. His book (c.f. Kaufmann 2005: 'Herausforderungen des Sozialstaats') focused not just on welfare state debates, but rather on the basic conceptions of specific models of the state and the society and its interaction with the welfare state. Within this field of tensions and historical and ideological positions particular versions of welfare states developed. In Germany this socio- political question mainly focused on the so called 'Arbeiterfrage' (worker's question), while in the UK, the focus was on poverty- related issues. The basis for these was already given with the basic principles of the Bismarck and Beveridge welfare systems.

At the turn of the century researchers accepted the fact of the readjustment of the welfare state and its consequences. At this point of time researchers started to

search for new solutions on how to revive the old principles of the welfare state and to prepare the welfare state for the 21<sup>st</sup> century. The following authors hereby all had different approaches.

Anthony Giddens (2000) pled for a Third Way for social democrats, a general concept that detached itself from very traditional welfare state ideologies with an approach towards more self- regulating markets effects. He claimed that this new model can deal more efficiently with the present development of the spreading effects of globalisation and the individualisation of the society by initiating a new political movement in which the development of economic action is balanced with the 'new' needs of society.

In turn, Stephan Leibfried (2001) concentrated his socio- political studies on specific policy areas of the welfare state and its needed developments, international welfare state politics and its development due to the changes during the 1990s that shifted the basis of the welfare state debates towards a discourse about the future prospects of the welfare state of the 21st century.

Gosta Esping- Andersen (2002) also published another scientific work on specific areas of the welfare state due to the developments of the recent years and the outlook for the 21st century. He hereby emphasized the importance that each welfare state has its own history and institutionalisation and he argued that there are therefore no patent policy solutions for all welfare state regimes. He claimed that welfare state transition takes place, but that each state will need a tailor-made solution for its particular challenges.

The following authors looked more specifically at the development of welfare states within Europe, including Germany and the UK. The work of Steffen Mau (2003: 136) hereby focused on establishing a connection between welfare state policies and welfare state attitudes. In the United Kingdom and Germany certain attitudes are similar across specific policy designs, e.g. the unemployed are noticeably more in favour of spending on unemployment policies than are those in work. Even though there are a few findings that still need to be discussed empirically more thoroughly, this work offered a good theoretical framework generating hypotheses for further research in this area.

Peter Taylor-Gooby (2004) examined some of the recent changes in European welfare states by simultaneously using comparative, supranational and national



perspectives on transformations in Europe. Here the focus was upon the 'old' and new risks of the welfare state. A critique could be that it was difficult to grasp what the risks are. Principally risks are difficult to define, but risks such as unemployment and a lack of money when retiring are of particular importance. Additionally, Taylor-Gooby examined the impact of the European Union (EU) and suggests that EU social policy is present to a greater extent in new areas of social policy, but at the same time also rather limited. The main focus of the social policy areas had been so far on the 'new social risks of balancing work and family'. Therefore, issues of equal employment and on equal rights for women in the areas of training, education and pay prevail (2004: 22). His concluding analysis points out that the transformation processes, which have been present ever since the beginnings of the welfare state, are adaptations of changing options and potentials. One major strategy of coping with challenges such as demographic change and globalization is to act in line with the classical liberal version of the welfare state.

Jochen Clasen (2005) on the other hand analysed the socio- political reforms of Germany and Britain. His focus was on the political processes of parties and on the institutional constitution of those two states. His selection of case studies is still relevant, because today, Britain and Germany are the two largest industrial economies within the European Union (EU) and their welfare state policies affect "almost a third of the EU population" (Clasen 2005: 2).

In the mid- 2000 Christoph Butterwegge (2006) and Manfred Schmidt (2007) looked at European welfare state and their ways to adapt to the 21<sup>st</sup> century. Butterwegge (2006) focused in a more holistic way on the welfare state and its crisis. He concentrated on debates about the crisis of the welfare state, but made clear that it might not be the crisis of a welfare state, but rather, that the welfare state was made a victim of specific developments, such as the development of the global market, demographic changes and the strategies of parties and social interest groups. This thinking is similar to the focus this work is aiming at. Schmidt (2007) described different theories and methods regarding social political research and focused on comparing perspectives by looking at specific welfare state areas which include different tax, economic, labour market, and employment and education policies. In the end he tries to pinpoint positive as well as negative effects of specific policy areas.

Of relevance here was also the work of Martin Schommer (2008) who examined the consequences of socio-political changes within the United Kingdom and Germany from the early 1980s onwards. His focus lied with specific risk- and conflict of demographic groups within these two countries. Due to this intensive analysis of those two countries, continued historical differences between the British welfare state and the 'Sozialstaat' of Germany could be found and his analysis showed the consequences of the social change and the socio-political reforms made by the two countries.

The British Welfare State, "is seen as an erratic and pragmatic response of government and people to the practical individual and community problems of an industrialized society" (Fraser 1986: 1). The two main areas, where most expense is incurred, are health and education (Mittan 2008: 263).

The topic of reforming the welfare state and its effects is the most present in current welfare state research. The beginning of spreading demographic problems in all western European countries and rising unemployment produced new social risks that eventually led to a necessity for innovative policies and policy designs. At the same time, some of the welfare production was shifted to the third sector (such as social groups, foundations, non-profit organisations, etc.), as well as the society to relieve the state from some of its responsibilities. Third Way politics started to spread and seemed to be the solution for all European countries. Hereby a special research focus was laid on the role of social democratic parties and their influence in reforming the welfare state.

To clarify which diverging or converging factors influence parties, Krell (2009) analysed and compared the European social policies of the social democratic parties (British Labour Party, German Social Democratic Party and the French 'Parti Socialiste' during the period from 1979 until 2002. Krell showed similarities but also significant differences between the three parties. In an elaborate analysis, he showed what brought the parties together and what separated them. It is clear that the European policy of a party is not only characterized by their programmes, but also by the respective national conditions, such as the political culture or the political system of the country. Moreover, the strategic interests of the parties and the personal motives of individual actors play another important role.

The most recent work of Oliver Nachtwey (2009) compared the institutional composition of the British Labour with that of the German Social Democratic Party. He focused upon the transformation of the two parties since the 1990s. He showed how the two parties dealt differently with reforms to the social democratic politics during times of opposition and government. The focus of the research between 2000 and 2010 was therefore mainly on adaption and policy changes of the welfare states with the realization that each of these welfare states is very different and that each had its specific focus.

In 2010 Josef Schmid (2010a) explained how the welfare state works in different countries, which problems they do have, like the growing division between poor and rich and the crisis in the financing of the welfare state, and perspectives and possible adaptations. His work examined different cases, fields and social problems whilst highlighting the close connection between scientific analysis and political-practical aspects. In summary he claimed that "the development of the welfare state and the development of comprehensive social security systems is undoubtedly one of the most fundamental achievements brought about by European societies on their way to the twentieth century. He further argued that: [and] in addition, "security, welfare, freedom and justice" have been implemented to a great extent over the past 110 years" (2010a: 45).

Correspondingly Giuliano Bonoli and David Natali (2012) concentrated on recent welfare policy changes, with a focus on the labour market policies and old-age pensions since these are two areas that have been affected the most by the changes and are under enormous pressure in the 21st century. Nicholas Barrs' (2012) focus was more on specific aspects of the welfare systems, in particular the economic systems, health services, and education. He differentiated between private and public measures and their efficiency within the welfare state system.

In comparative welfare state research, a large number of distinct categories, typologies and classifications of the welfare state have been provided. Welfare plays a major role and has long been an important factor within state politics. The basic constitution of a state has a big influence on the development of welfare state measures. Furthermore, different historical events such as the fall of the Berlin wall in Germany had great effects on the German society but also worldwide, as well as diverse economic foundations and other socio-political developments which affected

each country in a different way. In sum one can claim that the welfare state research has changed from a very broad to a very narrow level, starting very generally with the creation and the development of the welfare state, its golden ages, categorizing it by regimes types, talking about the reasons for its dismantling and crisis, and eventually focusing on individual characteristics and challenges, influences by parties and specific welfare policies and how they stand out. The welfare state will not cease to exist. It is rather a fundamental part of western democratic state and its future is yet to be determined.

The topics of changes within the welfare state regimes of Europe play a big role in this work. So while the welfare state is something which is changing constantly, also parties have to deal with internal and external changes. And social and socio- political researches examined these forms of changes.

Whereas most of the existing literature on party change deals with party systems, the focus of Harmel and Janda et al. (1994, 1995) focused on individual parties. These two authors present important theories on party change. Their theories seek to explain that change does not 'just happen', but instead results from leadership change, a change of dominant faction within the party, and/or an external stimulus for change. Much of the literature views parties as responding more or less gradually to socioeconomic change. A change within specific party decisions is directly linked to party goals.

Furthermore, their research findings (Janda et al. 1995: 1) suggest that "poor electoral performance was not a sufficient condition to produce a major overhaul of party images, but poor performance in the prior election was virtually necessary to produce major change in policy packaging at the next election". Robert Harmel et al. (1994; 1995) as well as Frank Wilson (1994) concluded in their work on reasons for changes within parties that there are exogenous and endogenous stimuli that explain processes of party change. Changes within parties imposed by the environment are exogenous incentives, while endogenous incentives refer to internal pressures such as leadership changes. And evaluating the leader is for many voters a "very convenient way of assessing the likely competence of the party in office" (Clarke et al. 2004: 9). A determining role in effecting change within a party is therefore a successful and strong leader who is able to reflect on the future of the party.

This review reveals that both the welfare state and social democratic parties have experienced great periods of transformation. The comparative politics of the welfare state and its research have taken place for more than 25 years. Richard M. Titmuss (1972, 1974) and Gosta Esping – Andersen (1990), were two pioneers in research on social politics and the welfare state. Titmuss was instrumental in shaping the new disciplines of social policy and focused his research on the importance to make welfare an integral part of the society, while Esping- Andersen started to compare and eventually categorize different welfare state regime types. The beginning of the welfare state research focussed on its main definition, basic function and composition, as well as on its historical development after the Second World. While the welfare state went through periods of major growth during its ‘golden ages’, its deconstruction and reconstruction takes place specifically since the 1990s. The 1990s research focus switched mainly to a comparative approach, especially regarding its reorganisation, alteration and dismantling, as well as the enhancements of specific policy areas due to demographic changes or changes within the employment sector. These debates about the present and future welfare state were mainly about its form, its meaning, value and tasks.

Whereas most research focused on either just change within the welfare state system as a whole or specific policy areas, this work looks at endogenous and exogenous changes within the German and British welfare state, including social policies, but with a special focus on the shift of the welfare providers. The welfare state is therefore a fixed “concept of government in which the state or a well-established network of social institutions plays a key role in the protection and promotion of the economic and social well-being of citizens”<sup>14</sup>. Welfare state programs therefore influence significantly the role of welfare producing actors in each sector and modify norms and values of human behaviour. And at the same time also influence the role of social democratic parties.

As shown in this chapter much of the past research has been conducted on granular change focusing in a comparing way on the milestones and development of the SPD and the British Labour Party and their influence on the development of certain social policies at a specific time. Other research has been done on the British and German welfare state itself in forms of growth, retrenchment, modification or on

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<sup>14</sup> Definition of welfare state by the editors of the Encyclopaedia Britannica. Source: <https://www.britannica.com/topic/welfare-state>, (retrieved: 14.7.2015)

the development of specific policy areas. While these studies can explain in detail the above mentioned changes, they failed to explain why the social democratic parties during the given time period implemented neoliberal reforms with such far-reaching consequences.

Much research has taken snapshot views of specific policy changes of the welfare state systems and parties during this time, especially by acknowledging the old values and traditions of social democracy. By taking the basis values of the social democracy for granted most researchers have applied these concepts and traditions in combination with the welfare categories of Esping- Andersen. This work will place 'politics in time' by analysing the spirit of the time in order to provide a holistic view and facilitate long-term analysis in order to explain the mechanism that led to the changing attitudes of the British Labour Party and the German Social Democratic Party towards the welfare state during the given time period of 1990 until 2010. Furthermore, there will be particular emphasis on which long-lasting effects these changes had on the basic social democratic values and the welfare providing sectors of the 21<sup>st</sup> century. Hereby Esping- Andersen's categorizations are still applied for the comparison, but enhanced by the multi-sector analysis (mentioned in Chapter 1.2.1) to create a new comparative model that includes and illustrates all welfare providing sectors and its changes.

### **I.4 RESEARCH STRATEGY**

The overall purpose of this work is to systematically highlight in a comparative, historical perspective the mechanism that led to the change in attitudes of Tony Blair's New Labour and Gerhard Schröder's SPD-led government towards the welfare state during the period of their Premiership and Chancellorship. What patterns did change and what were the effects?



**Figure 4: Status Quo-Changes-Results (1990-2010) (own figure)**

The given timeframe offers a good overview of the Schröder (1998-2005) and Blair (1997-2007) premierships, with a little time before their reigning period and after their reigning period to show the full extent of the political shifts. This timeframe has been chosen to highlight major political shifts. Additionally, it outlines the change, convergence and/or divergence that the two parties have undergone. In the 1990s the comparative welfare state research experienced an immense impetus. Comparisons make clear which scopes of welfare-state reforms are possible. On the one hand it shows in which form the image of social security is seen and accepted within one country; On the other hand, it is exactly this variety which makes comparison more difficult and therefore also the transferability and the imitation of 'best practices' (Schmid 1996, 17). The classifications of welfare states as conceived by Danish sociologist Gosta Esping-Andersen provide the theoretical framework for the analysis throughout the thesis.

This work uses a combination of complementary research methods to offer a full-scale comparative political analysis. On the basis of the comparative method, the discourse analysis in forms of the qualitative heuristic method of Gerhard Kleining (Kleining 1982; 1995; 1999; 2001: 27-36) is used to focus on a systematic exploration and discovery in the form of a dialogue. With the heuristic method of Kleining the researcher does an open and systematic exploration, rather than an interpretive, static and subjective observation. See further details to the method in Chapter 1.3.

A particular focus of this work is set on welfare reforms such as the newly introduced and implemented labour market policies which led to radical labour market reforms and changes within the welfare state system under Schröder and Blair. These reforms were necessary under the given circumstances of the time and aimed at promoting and encouraging work, and defined a new form of justice, and as well as changed and challenged the existing welfare systems in both countries. To understand the feeling and the spirit of the time one has to travel back in time. This can be done by researching historical documents of the time. The historical processes are summarized and illustrated in Chapter 2 and Chapter 3 in the form of a

network diagram (similar to Mark Lombardi's<sup>15</sup> conspiracy networks). This network highlights the interconnecting and relevant points in the time period under consideration (i.e. milestones of British, German, EU and foreign policies, as well as other international incidents and relevant relationships between key actors). All of these internal and external factors have to be under consideration because they can actively influence political decision-making and can therefore impact and effect also social policy making (i.e. if politicians have to deal more with foreign politics- incident of 9/11- than domestic politics).

The combination of the qualitative heuristic method in which political cartoons, programmatic programmes and manifestos, as well as party leader speeches of Blair and Schröder during the given time period are analysed, and an analysis of semi-structured expert interviews ensures an open approach to the topic. The results of the heuristic method are the foundation of the expert interview guidelines. The qualitative semi-structured expert interviews carried out for this work are done to strengthen the theoretical model, to look at the thematic discourse of the time and the basis for the reconstruction of the interpretation pattern analysis.

The primary and secondary data of this work include historical documents such as newspaper and journal articles, policy drafts, programme manifestos, political cartoons and documentaries, as well as relevant political speeches of Schröder and Blair. The research was mainly done in the state library of Bavaria, archives of the Friedrich- Ebert- Stiftung in Bonn, archives of the SPD in Berlin and in the electronic archives of the Labour Party.

This combination of methods ensures an objective approach towards the historical processes during this time and helps to reconstruct these complex processes. The hypothesis of this work is that the social, political and economic changes during the time period 1990 and 2010 radically challenged specifically the meaning, function and value of work and re-defined the interrelationship between the state, the market, households and the third sector including the production of welfare within both welfare state systems. And in the long-term transformed the basic social democratic values of freedom, justice and solidarity.

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<sup>15</sup> Mark Lombardi was a US- American artist who created sociograms which illustrated political-economic power structures. He himself called those network diagrams 'narrative structures'. See also: <http://daremag.de/2012/06/der-lombardi-code/>, (retrieved: 13.4.2013).



## I.5 OVERVIEW OF WORK

This work consists of five chapters. The theoretical and methodological framework is outlined in **Chapter 1**. In order to deal adequately with the question of the changing perspectives of the two catch-all parties, the context of the institutional and political system in which social policy is framed in Germany, compared to the United Kingdom, is charted in **section 1.1**. The theoretical framework of Esping-Andersen is presented in **section 1.2**, while this theory is enriched and illustrated in form of the multi-sector analysis in **section 1.2.1**. It is the basis upon which the welfare states of the two countries (Germany and the UK) are compared. **Sections 1.3 and 1.4** explain in full detail the application of the qualitative heuristic methodology in form of an interpretative pattern and discourse analysis which is crucial for interpreting all the necessary data. The analyses of different primary sources, including political cartoons, speeches and manifestos, as well as the supporting results from the semi-structured expert interviews, are hereby of main interest. **Section 1.5** gives a summary of the chapter.

**Chapter 2** examines the Labour Party in United Kingdom whose attitudes in the 1990s and at the beginning of the 21st century was determined by the neo-conservative politics of their opponents in office during the 1980s, and its counterpart the Social Democratic Party of Germany. **Section 2.1 and 2.2** shows the milestones of the Labour Party and the SPD and assesses in **section 2.3** how the parties have developed over time and which critical junctures they had by highlighting the interconnections of all relevant aspects in a network diagram. Furthermore, **section 2.4** highlights their labour market policies and effects and **section 2.5** concludes the chapter.

The following two chapters, Chapter 3 and 4 highlight the analysis of this work. The findings of the interpretation pattern analysis as well as the results from the empirical analysis regarding changing dynamics during the given time period of research are shown in **Chapter 3**. **Section 3.1** focuses on the basic values of social democracy since this are the starting point and initial position for this research. **Section 3.2** introduces the variety of changes that influenced Germany and the United Kingdom. This chapter concentrates on the dynamics of change of the state in **section 3.2.1**, the economy in **section 3.2.2** and the society in **section 3.2.3**. And it displays the changing dynamics of the concepts of work and social justice during this

time. **Section 3.3** gives hereby the first relevant conclusions on which effects these changes had on the welfare state. To understand how the attitudes of the two parties changed towards the welfare state one has to study the political discourse during this given time period.

**Chapter 4** therefore highlights the discourses that took place during the given time period of 1990 until 2010 to show which mechanism led to the change in attitudes towards the welfare state in **section 4.1**. **Section 4.2** displays a variety of political cartoons during the given time period to visually capture forms of public discourse, while **section 4.3** focuses and compares discourses within political manifestos of the two parties and speeches given by the two leaders Tony Blair and Gerhard Schröder. Hereby it makes clear which implications this changing discourse during the given time period had on the notions of the traditional social democratic welfare state and its values. **Section 4.4** thereby focuses in detail on the changed interpretations of the basic values of freedom, justice and solidarity. Hereby **section 4.4.1** looks at the changed value of freedom, **section 4.4.2** at the changed value of justice, and **section 4.4.3** at the changed value of solidarity. **Section 4.5** concentrates on the second research question and looks at what effects these changes in values had on the shared responsibilities within these two welfare states and its welfare producing sectors and what we can conclude from this. Hereby the so-called magic diamond is introduced that displays the four welfare producing sectors, the state, the economy, society and the third sector. This, from the author created magic-diamond demonstrates in **section 4.6** in form of a figurative presentation the changes in the production of welfare from 1990 to 2010 within the two given countries. **Section 4.7** and **4.8** highlight the effects on the Gini-index and the social expenditures of the two countries. **Section 4.9** gives the final conclusions of this chapter.

**Chapter 5** is the final chapter of this work. **Section 5.1** gives a short summary of the work and **section 5.2** summarizes the main findings of this work and **section 5.3** gives an outlook for future research and the welfare state research of the 21<sup>st</sup> century.

# **1. CHAPTER I: THEORETICAL AND METHODOLOGICAL FRAMEWORK**

## **1.1. THE COMPARATIVE METHOD**

The comparative method of this work enables a detailed evaluation of the political systems of the United Kingdom and Germany over a specific time period in a comparative historical perspective. It makes scientific study more structured and more precise than a single case or clustered study does. Comparative analysis seeks to explore patterns, processes and regularities among these political systems, it looks for specific trends and changes in these patterns and tries to develop general propositions or hypotheses that describe and explain the trends in these two cases. The comparison will provide an index for the social, economic, and political development of the countries in question, as well as for others.

Comparative politics dates back to the very origins of systematic political studies in ancient Greece and Rome. In around 380 BC Plato and Aristotle covered almost all the key issues of comparative politics in 'The Republic' and 'Politics' respectively. Both searched for a system to classify then known political systems by comparing and analysing issues such as power and leadership, different forms of governments, public policy, etc. A modified form of these classificatory systems is still used today. Many centuries later, in the 18th century, Baron de Montesquieu in 'The Spirit of the Laws' (1750)<sup>16</sup> attempted to move beyond an examination of the constitutional procedures of a country to examine its true culture and 'spirit'. His greatest legacy for the field was his model for the separation of powers that influenced the political system of the United States of America.

Today, comparative politics still involves emphasizing key patterns of similarity and difference between political structures, and processes and policies. Arend Lijphart argues that comparative politics is not defined by the object of its study, but rather by the method it applies to the study of political occurrences. He says that "the how does not specify the what of the analysis" (1971: 682). Peter Mair (1996) and Richard Rose (1991) both conclude that comparative analysis in politics is defined by a combination of the countries' political systems and a method of detecting and

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<sup>16</sup> Source: <http://www.britannica.com/topic/democracy/The-legitimacy-of-government#ref796635>, (assessed: 4.10.2013)

explaining similarities and differences between these countries using common concepts.

The advantages of comparative analyses include the ability to overcome ethnocentrism and to find standards to recognize features of national systems (Lehner/Widmaier 2002: 75). Comparative politics seeks to understand the origins of the changes and to compare the range of political responses in order to begin to offer explanations for why certain developments took place and to make predictions for the future.

### ***BASIC POLITICAL STRUCTURES AND INSTRUMENTS***

Politicians are the actors taking decisions in parliaments and governments on the key determining elements of social policy. Riker (1975 in Hix 2008: 1262) argues “that the organization of power in federal systems is endogenous to the incentives and organizational structures of parties”.

Partisan theories claim that political parties promote policies that are consistent with the preferences of their main constituencies. Referring to partisan theory, developed by Douglas Adams Hibbs in 1977 the partisan composition of governments is heavily influenced by the choice of political instruments and as a result the structure of the contents and results of the practical work (Schmidt 2010b: 362) Supporters of

“Left-wing parties are particularly averse to unemployment because they hold a large part of their wealth as human capital, whereas supporters of right-wing parties are averse to inflation, which creates uncertainty about the return on financial and residential capital. Left-wing parties are therefore more inclined to stimulate an aggregate demand than right-wing parties” (Carlson 1998: Introduction).

The industrial revolution was a milestone in human history that affected almost every aspect of daily life. The strong British industrial base had until then no significant socialist party, but a unique and developed trade union movement (Sassoon 1997: Chapter 1). In Germany socialist parties and democrats played a prominent role in establishing trade unions. This stood in contrast to the British experience, where trade unions took an active political role and were stronger than the political labour movement. At the beginning of the 20<sup>th</sup> century, German and British trade unions had already around three million members.

In its original form, the British Labour Party constituted a new type of cadre party, forming an intermediate link with the mass-based parties. It was formed with the support of trade unions and left-wing intellectuals. At the grassroots level, each local organization sent representatives to a district labour committee, which was in turn represented at the national congress. The early (pre-1918) Labour Party was thus composed of many local and regional organizations. It was not possible to join the party directly; membership came only through an affiliated body, such as a trade union. It thus represented a new type of party, depending not upon highly political individuals brought together as a result of their desire to acquire and wield power but upon the organized representatives of a broader interest – the working class. After 1918 the Labour Party developed a policy of direct membership on the model of the continental socialist parties, with individual members being permitted to join local-constituency branches. The majority of its membership, however, continued to be affiliated rather than direct (about the history of the Labour Party refer to: Callaghan, Fielding, Ludlam (2003); Cliff&Gluckstein (1989); Diamond (2010), Ely (1981); Laybourn (1995); Britannica Online Encyclopaedia (2011): 'political parties').

The Social Democratic Party of Germany was founded in the second half of the 19th century as a milieu or class party of the working class (about the history of the SPD refer to: Faulenbach (2012); Hofmann (2012); Miller/Potthoff (2002); Reschke, Krell, Dahm et. Al (2013)). To compensate SPDs missing power in the state, the social democrats had to get well known, strong and accepted within the society which integrated her followers of the working class to achieve a clearly distinguishable identity and political direction. This was mainly done in form of party political programmes.

A party's direction and objectives are mostly rooted in different forms of party-political programmes. Action programmes are mostly short-acting programmes with specific political actions. Election programmes are there to inform and attract voters. Government programmes contain a detailed summary of the planned political action and goals (mainly for the term of office). Last but not least there are the party programmes, also called party manifestos, which are the so called 'constitution of the parties' (Olzog/Liese 1996: 12-14) or in general terms the rulebooks or statutes of the parties.

Party manifestos on the other hand are the foundations which summarize, for a longer timeframe, the main attitudes of a party towards political topics and problems for citizens, society and the relationship between society and the state. It is in general a document that “gives information about the character and goals of a political group or movement” (Flechtheim 1974: 174). Usually party manifestos are used internally to legitimate political decisions within the party and to retain its principles and positions on specific policy issues. In the case of the ‘Godesberger Programme’ of the SPD one can see that it can also be used externally to gain new voters and more support from voters for their political ideas. Table 3 lists all relevant programmes published by the SPD since 1869.

Year of Programme	Name of Programme
1869	Eisenacher Programme of the Social Democratic Workers’ Party of Germany headed by Ferdinand Lasalle
1875	Gothaer Programme: Coalition Party Convention of the Social Democratic Workers’ Party of Germany and General German Workers’ Association headed by August Bebel and Wilhelm Liebknecht
1891	Erfurter Programme (first SPD Programme)
1921	Görlitzer Programme
1925	Heidelberger Programme
1959	Godesberger Programme
1989	Berliner Programme
2007	Hamburger Programme

**Table 3: Summary of the German Social Democratic Party Manifestos since 1869 (own table)**

The Godesberger Programme played, as we will see in this work, a crucial role in the positive development and reformation of the SPD from 1959-1966. In comparison the Labour Party did not start to reform itself until their new leader Neil Kinnock, who started in the 1980s the Party ideology reform, followed in the beginning of the 1990s with the removal of Clause IV<sup>17</sup> and its programmatic change to ‘New Labour’.

<sup>17</sup> Clause IV (also Clause Four) refers to part of the 1918 aims and values (‘constitutional’ framework) of the Labour Party by referring to the Labour Party’s commitment to socialism implied by the phrase “common ownership of the means of production, distribution and exchange” (Adams 1998: 144–145).

The Labour Party published party manifestos since the 1900's mainly as general election manifesto with speeches by the party leader. The three most relevant manifestos for this work are the three general election manifestos of 1997 (New Labour because Britain deserves better), 2001 (Ambitions for Britain) and 2005 (Britain forward not back). See also Table 11 in Chapter 4.

Both countries, the United Kingdom and Germany have been chosen due to their similar economic importance within the European Union, but also with regard to the differences in their institutional and political structures which have developed over time. For example, Germany's federal structure makes central government intervention more complicated in certain policy areas, such as education. Furthermore, the German Federal Assembly (*Bundesrat*) and the German Federal Parliament (*Bundestag*) are often required to work together. These restrictive factors do not exist in United Kingdom. Here, central governments have a

“greater scope to implement even far-reaching reform projects without needing the approval of the opposition or facing vetoes from societal actors, to the extent that more cynical voices speak of a ‘temporary dictatorship’. In contrast, the structure of the political system in Germany forces the government to secure the approval of various actors such as unions, labour associations or other, and to take less comprehensive reforms based on more compromise. This alone provides an explanation for the differences in strategies and successes of the social democratic-led governments from the late 1990s” (Mohr 2008: 77).

This is just one possible explanation, but moreover, these two countries, have two very diverse welfare state systems that have evolved differently over time. Germany represents a country with a welfare state that is built around social insurance which is linked mostly and primarily to life-long employment, while the British welfare state favours means-tested welfare payments for all its citizens. Over time these two countries developed in two very divergent socio-political and economic directions. And the same accounts for the two parties. The fundamental values of both parties are freedom, justice and solidarity and these are anchored within their basic programmatic view and are the basis of this work. The end of the traditional socialist thinking of both parties after the end of the cold war challenged these original principles and established the beginning of a fundamental modification of the party's attitudes towards new norms and values. The comparison will show in detail how over recent decades these two parties have approached or dissociated themselves from their original welfare state ideologies. To do such a scientific comparison, a

good theoretical framework is necessary. The next section reveals the theoretical framework for this work.

## **1.2. THEORETICAL FRAMEWORK**

The theoretical framework of this work is built upon the book of Esping- Andersen– ‘The Three Worlds of Welfare Capitalism’ (Esping-Andersen 1990). To find out what Esping-Andersen’s work is about, one only has to take a look at the title of the book. The key thesis of Esping-Andersen is that there is a significant and direct causal relationship between the welfare state and the labour market and employment structures. Therefore, according to the author, social cleavages are directly influenced by the design of the welfare state. In his eyes, welfare state institutions are not merely the passive by-product of industrialisation, but rather a powerful social mechanism that shapes the future. Accordingly, there is not just one world of welfare state “more or less equipped with resources – but three worlds” (Esping-Andersen 1990). Each of these represents different forms of the institutionalization of social security and full employment. They are based on corresponding political ideologies and power distributions and correlate with patterns related to social class and inequality. There are three criteria for differentiating the three worlds:

1. **Social stratification:** a classification of people into groups based on shared socio-economic conditions.
2. **Decommodification:** a focus on the degree to which social service is rendered as a matter of right, and the degree to which a person can maintain a livelihood without reliance on the market.
3. **The relationship between the welfare producers:** i.e. the state, the market and the family.

The three worlds conceived by Esping-Andersen characterize three ideal types. These are the liberal, the conservative (corporatist) and the social democratic type. The two key operational criteria are the level of de-commodification and social stratification (Esping-Andersen 1990: 117). The following types of categories orient themselves on the basis of the relationships between the state, market and households in the provision of social benefits, the mode and quality of these benefits and the impact of socio-politics to social classes and the distribution of power. Table 4 summarizes the differences between the regime types.



	<b>Conservative type</b>	<b>Liberal type</b>	<b>Social-democratic type</b>
<b>Country (example)</b>	Germany, France	United Kingdom, United States	Sweden, Denmark
<b>De-commodification</b>	Moderate/medium level	Small/low level	High/high level
<b>Social Stratification</b>	Stabilization of existing status differences	Enlargement of existing inequalities	Equalization
<b>Poverty/inequality</b>	Medium level	High level	Low level
<b>Main welfare producer</b>	Family	Market	State
<b>Instruments</b>	Private insurance supported by the state	Means- tested assistant	High level of benefits solely by the state
<b>Aims, values and goals</b>	preserving the traditional family model, providing security, maintaining status, strengthening of civil society, limiting the market	aimed at the very needy, so often stigmatized, individuals participating in the market and strengthening of market, freedom, work	equality, security, full employment
<b>Benefit systems</b>	Earnings-related and insurance-based benefits, depend on a person's position in society, subsidiarity, contribution-dependent	Market-oriented welfare benefits, means-testing, public-private mix, state encourages private provision of welfare	Universal benefits or third sector (civil society)

**Table 4: Welfare state regime types according to Esping-Andersen (1990) (own table)**

The first type of welfare state is classified as conservative. States such as Italy, France and the Netherlands are categorized here, as is Germany. In these countries, the intervention is on the one hand stronger, but on the other hand more temporary and above all is determined by nation- wide policies. Social services are

strongly linked to class and status, and claims are based on contributions which are paid by both employees and employers and are also financed by all taxpayers. A central role is played by the family (households), while the market only has a marginal role and the state a subsidiary role. In relation to 'de-commodification' these countries reach on average an intermediate level of support (Esping-Andersen 1990: 117). However, here one has to recognize that the level of de-commodification varies strongly according to an individual's employment history.

A second category is the liberal welfare state which can be found in the United States, Australia, New Zealand and the United Kingdom. Within these countries social claims are relatively poorly developed and are often connected to individual poverty (means) tests. This often leads to a stigmatization of the affected people. Funding is usually through national budgets. The market plays a central role, while the role of the state and the family is rather marginal. To all intents and purposes, the extent of 'de-commodification' is small and social inequality is large (Esping-Andersen 1990: 117).

A third form of the welfare state mentioned by Esping-Andersen is the social-democratic variant. The Scandinavian welfare states are characterized by a universal approach. Most of the benefits needed in these countries are financed through taxes and therefore tax rates are quite high. The state plays a central role, while the market and the family are only marginal. The 'exemption' from the constraints of the market (decommodification) is the strongest of the three categories. Examples for this type of welfare state are countries such as Sweden, Norway, Denmark and Finland.

For the sake of completeness, it should be mentioned that there are two further types of welfare states. These have arisen following more recent political developments, especially in Eastern Europe and in countries with a mainly agricultural sector, where the country's economic production focuses on agriculture. These new categories are called rudimentary (or Mediterranean) welfare regimes and include the post-socialist welfare states. Countries such as Spain, Italy and Greece belong to the Mediterranean model, where the family network (households) is the most important provider of welfare. The 'post-communist conservative corporatist' welfare regime includes countries such as Romania, Poland and the Czech Republic and refers to a welfare model that captures "the ideological and practical commitment

to socialist values, the maintenance in power of some of the old guard, and the social deal struck with major labour interests” (Deacon 1993, in Fenger 2007: 2).

The interpretation of the data in this work has been carried out on the basis of Esping-Andersen’s welfare regimes. According to Esping-Andersen Germany has a conservative welfare regime that is work-oriented and based on individual contributions. Social services are strongly linked to class and status, and claims are based on contributions which are paid by both employees and employers and are also financed by all taxpayers. In relation to ‘de-commodification’ these countries reach on average an intermediate level (Esping-Andersen 1990: 117). Regarding the public-private mix of social support the conservative types mainly emphasize public insurance. The focus of the conservative welfare state regarding the economic system is on the state; it acts as a state that wants to minimize social inequality and promotes the importance of (welfare) distribution and wants to preserve the traditional family model.

The United Kingdom, as Esping-Andersen defines it, operates a liberal welfare regime that can be associated with poor relief that maintains the class distinctions based on income. Regarding the public-private mix it can be said that liberal welfare regimes are more focused on private precautionary measures. The focus of the liberal welfare state is on the market, with a view to encouraging workfare, fighting poverty and endorsing equal performance within the market system.

The viability of welfare states in competitive market economies makes it necessary to compare welfare regimes. The purpose of comparing these two welfare regimes, the liberal and the conservative during the given time period is to look at specific changing patterns of attitudes towards the welfare state, and how under specific circumstances welfare regimes influence attitudes and what kind of dimensions actually influence attitudes towards the welfare state and can change these.

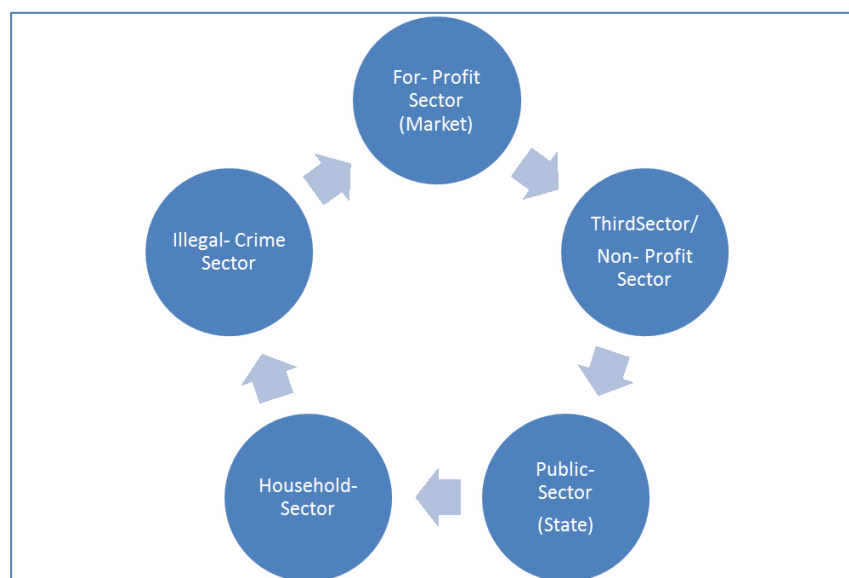
### **1.2.1. MULTI-SECTOR ANALYSIS**

Over the course of this evaluation it became clear that Esping-Andersen’s model, which was published in 1990, needed to be enhanced and further criteria were necessary to differentiate the three worlds and to highlight the changing dynamics within these welfare regimes between 1990 and 2010. In order to enhance these categories, I will use the multi- sector analysis for a more detailed categorization of

the two countries and their welfare regimes to explain the extreme shifts within the original model of Esping- Andersen.

Esping-Andersen's starting point for his form of typology was the "division of tasks between state, market and family in the production of welfare" (Ulrich 2005: 43). A multi-sector analysis can show more clearly the shifts in prevalence between the given welfare producing sectors: the state, the market, households (family) and the third sector (civil society).

The original 5- sector model of the economist and professor Luise Gubitzer at the institute for 'Institutional and Heterodox Economy' of the University of Economics in Vienna names five sectors of the overall economy. The aforementioned model calls those five sectors the for- profit sector (market), the public- sector (state), the third sector (civil society), the household sector and a fifth sector -the illegal-crime sector<sup>18</sup>.



**Figure 5: Five- sector model by Luise Gubitzer (2008) (own figure)**

Gubitzer, who created this model, mentions that within this economic system somebody always profits from non-profit. Who exactly and how depends on the respective area of the overall economy; therefore, one can compare the non- profit and for- profit, the non- profit and state, the non- profit and households, and the non- profit and the illegal sector.

<sup>18</sup> Gubitzer, Luise (2008). Siehe auch: <http://www.arbeit-wirtschaft.at/>

A key element of the emergence of non-profit organizations and the so-called third sector in the five-sector model was the failure in the for-profit sector. The unregulated labour market allowed exploitation of members of the society. Consequently, they started to organize themselves in forms of unions or NGO's and started to stand up for specific labour rights.

According to Gubitzer (2008)

“the relationship between NGO's and the state can be divided into an economic and a political one. The economic relationship is that of the division of labour which offers, for example, services in the field of health, education, counselling, etc. The political relationship consists primarily of NGOs, often civil society. At this level, activities are designed to bring about a change in the respective policy area, such as the labour market and employment policy. The relationship between non- profit and households is a diverse relationship. People donate to help other people, and/or give time and labour in the form of social voluntary activity and provide free services like care services in the event of illness, disability or old age. Non- profit and the illegal sector are related to people who work in the illegal-criminal area – like black labour or prostitution. Here no taxes and social security contributions are paid, even though public goods are used which eventually undermines forms of democracy”.

In summary it can be said that for many people the non-profit sector is an essential service provider and provider of goods. The non- profit sector is therefore an important labour market, but at the same time also an important sector for the future development of democracy and for economic and social policy.

The above-mentioned model by Gubitzer was put in form of a table by Prof. Dr. Gerd Mutz<sup>19</sup> and extended by specific dimensions. The following Table 5 is an adapted version created by this author to reflect change within the welfare state system and welfare providers. This table omits the 5th- sector, the illegal sector which it is not directly relevant for this analysis, but includes dimensions like the organisation, function, goals and logic and as well as a task form to explain the mentioned four sectors in more detail.

According to Kuhnle and Alestalo (2000: 6) the “market may provide welfare in two ways, either in the form of responding to demand for individual or collective insurance or services or in the form of firms offering welfare to their own employees”. The state, represented by the governing party/parties should be the democratic bridge between society and the market. Society, which includes families, or more

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<sup>19</sup> Founder and head of the Munich Institute of Social Sciences (MISS) and Professor at Munich University of Applied Sciences

specifically, households, can also constitute a form of non-public welfare production, especially in the provision of care. ‘Civil society’ refers to social organisations and associations “that are not strictly production-related nor governmental or familial in character” (Rueschemeyer et al. 1992: 6). The four sector model created by this author (see Table 5) includes four welfare providing sectors: the market, the state, the third sector and households (family). The welfare states of the 21<sup>st</sup> century are in need of all of these welfare providing sectors.

Sector Dimension	First sector: Market	Second sector: State	Third sector: Civil society	Fourth sector: Households
<b>Organisation</b>	Corporations, firms, consumers	Parliament, governments, administration	Associations	Members of the household
<b>Function/system</b>	Economy	Politics	Civil society	Family
<b>Goals/logic</b>	Profit, Utility maximisation	Distributive justice	Particular interests	Reproduction, self-preservation
<b>Task form</b>	Rationality	Power	Participation	Caring

**Table 5: The four-sector model of welfare provision (based on Gubitzer (2008) and extended version in table by Prof. G. Mutz, Munich University of Applied Sciences, unpublished)**

Why then is the adjusted model in form of the multi- sector analysis relevant to this work? The use of the multi-sector analysis creates a framework that allows examining and comparing the two welfare regimes. Many processes have an impact on the development of the welfare state, but at the same time the welfare state influences some of these processes. They are therefore dependent on each other. Moreover, one can better describe shifts between the sectors, for example between the market and the state, because as the market is growing, organization, goals and forms of action are also changing in the provision of welfare services. This helps to understand these forms of "hybrid" structures.

This chapter introduced the welfare regimes of Esping- Andersen and explained in which way the family, the market, the third sector and the state provide in all western welfare states social welfare in some distinct form. With the radical reforms of the 1990s and at the beginning of the 21st century the boundaries between these welfare providers changed. In Chapter 4 of this work a diagram will illustrate in which ways and to what extent these boundaries changed within the two

countries of Germany and United Kingdom and what these changes meant for the basic principles of social democracy. This diamond figure supports the basis of the final conclusions in this work. How the share of welfare providing has changed within these sectors will also be discussed in Chapter 4. Final conclusions and an outlook on the future of welfare states will be given in Chapter 5.

### **1.3. THE QUALITATIVE HEURISTIC METHOD**

Kuhnle and Alestalo state that “welfare states have seldom been established as a result of big plans or big fights, but mostly as results of complex processes and successive steps of social and political engineering in European history” (2000: 9). So what method does one need to study these complex processes? One method of qualitative analysis is the qualitative heuristic method developed by Gerhard Kleining (1982, 1990/91 1994, 1995) which tries to reconnect the social sciences with the natural sciences by focusing its methodology on systematic exploration and discovery. Kleining writes that the detachment of the social sciences from the natural sciences from the second half of the 19th century onwards, as suggested by Wilhelm Dilthey, a German theologian and philosopher, had a very negative influence on the scientific value and recognition of the social sciences. Dilthey worked on the separation from the natural sciences with the theory and foundation of human sciences and further developed the discipline of hermeneutics.

The heuristic method omits typical problems that hermeneutic methods have, such as the interpretive, static and subjective observation of the text. The methodology has four characteristics which are key:

1. The researcher must be open and prepared to change his or her preconceptions about the topic if necessary.
2. The research topic is also open and may change during the exploratory research.
3. The perspectives must vary structurally as much as possible during the phase of data collection, so the researcher can view the topic from many directions.
4. The data are analysed for common patterns which means locating similarities, accordance, analogies or homologies within these most diverse and varied data.

These research procedures are dialectical, not linear and the research procedure employ use of "open" questions and is averse to reading a protocol which tends to suggest which questions to ask (Kleining, 1982/2001; Kleining & Witt, 2001). Furthermore, it places an emphasis on searching within qualitative data by asking open questions about the text. The texts need to be examined from as many perspectives as possible and the answers need to be analysed using the above-mentioned rules. A successfully executed analysis tests itself by means of its 'internal validity'. It is valid when new data and perspectives do not provide any new results. It is reliable when all data can be subsumed under the same category (100% rule). By 'testing the limits' the range of validity can be shown. In the analysis questions are asked, answers found and this might lead to further questions. This is called the 'principle of dialogue'. General questions on the given data are: What topics are discussed? Which people/groups are addressed? How are these described? What are the internal and external influences?

The discourse analysis in forms of the qualitative heuristic method of Gerhard Kleining (Kleining 1982; 1995; 1999; 2001: 27-36) focuses therefore on the systematic exploration in the form of a dialogue. This method is especially applicable for a discourse analysis and applied in three consecutive steps in this work. For the first initial insight on the public discourse during this time a selection of political cartoons were evaluated, followed by a detailed analysis of political manifestos, programmes and speeches, as well as semi-structured expert interviews that were evaluated to support the theoretical model of this work. The following sections will describe the analytical steps in full detail.

### **1.3.1. THE DISCOURSE ANALYSIS/INTERPRETATION PATTERN ANALYSIS**

The term pattern analysis was introduced into the German sociological discussion by Ulrich Oevermann in 1973. The interpretation pattern analysis (IPA; in German: *Deutungsmusteranalyse*) used in this work is a method developed by Rainer Keller (2004) for discourse analysis. Patterns of interpretation are individual, group-specific or collective semantic content for a specific group or society and are therefore often culturally dependant on events, facts or procedures.



Interpretation pattern analysis method is appropriate for analysing processes and discourses of social or political decision-making. Peter Ullrich (in Freikamp et al. 2008: 26 ff.) states that “many approaches of the discourse analysis go along with the ‘grounded theory’ of Barney Glaser and Anselm Strauss. This means that the data is coded with great openness [...] which in the end offers the perpetual possibility of change within the category system”.

Discourse analysis usually works with general research questions aiming to grasp implicit meanings and the very nature and characteristics of the social phenomenon analysed. The origins of discourse analysis can be associated with discourses about concepts of critical theories (Foucault 2001), interdiscourse (Habermas 1991), western Marxism (Fairclough/Wodak 1992, 1997) or neo-Marxism (Titscher et al. 1998) and concepts of hegemony (Antonio Gramsci). The discourse theory of Foucault is today one of the central approaches in the social sciences (Keller et al. 2001: 11). Foucault developed a methodology for the discourse analysis in which he describes discourses as rule-based practices which can be split into four formations: objects/topics, modalities of expressions, concepts and strategies. This order of discourse helps to describe the mechanism of the discourse and reconstructs it.

Discourse serves as a qualitative measure for the public ‘discussion’, ‘debate’ or ‘negotiation’, especially processes of conflict with interpretations (Freikamp et al. 2008: 23). There are two possibilities for dividing this discourse analysis (Freikamp et al. 2008: 24). One is to look at the specific linguistic (written and oral) contributions of discourses; the other is the thematic discourse which will be used in this work. The heuristic analysis which was illustrated in the ‘political’ network in combination with the assertions of the political speeches, manifestos, cartoons and the experts revealed specific thematic discourses regarding the changes of attitude towards the welfare state within the interpretation pattern analysis. This combined method of analysis discovers processes and discourses and helps to break them down by focusing on specific topics, expressions and concepts.

#### **1.3.1.1. APPLIED DISCOURSE ANALYSIS ON POLITICAL CARTOONS**

The use of political cartoons to study social phenomena and to capture and reflect public discourse becomes more and more common in the social and political sciences. Cartoons are drawings that are used to “express opinions, construct

valuable arguments and provide specific knowledge on contemporary social issues” (Sani et al 2012: 1).

The history of cartoons goes back to the 16th century with “drawings used in the theological debates of the Reformation. The cartoon style itself developed in Britain in the 1800's and is distinguished by the use of caricature” (Low 2000). With the beginning of the 1960s political cartoons started to play a significant role in public discourse and became part of scientific research.

Back then the studies mainly focused on the basics function and nature of the cartoons. Streicher (1965) for example examined the communicative function of political cartoons, while Morrison (1969) investigated unique features of political cartoons like the importance of visual aspects.

Later on Bormann, Koester, & Bennett (1978) and Bivins (1984) concentrated mainly on empirical content analysis of political cartoons, while Cahn (1984) focused on specific visual properties of political cartoons which are universal for all cartoonists. A more detailed analysis was done by Handl (1990) who did a case study (in Australia) and identified central topics which can represent specific local citizens and political parties. In which way political cartoons can portray social and political issues in society were researched by Morris (1992) who the influence of political cartoons regarding democratic process, while his focus in his 1993 article was more on visual rhetoric's using a structuralist approach. El Refaie (2003) went one step further by examining the use of visual metaphors in an actual national example (political cartoons in Australian newspapers) and in 2009 she summarized that political cartoons still function as a modern communicative tool in the society. Similar Townsend, McDonald, and Esders (2008) examined how cartoons in Australia can illustrate work choices debate on civil service policies.

This increasing research interest indicates that political cartoons successfully constitute a distinct genre within media and political discourses. Political cartoons therefore “constitute one of the most strategic and vital medium of using language to disseminate information and reorient the public on current issues reflecting social realities of a particular society at a particular time. Given the use of linguistic and non-linguistic devices, the political cartoon genre provides a medium for communicating messages through which social and political agenda are set” (Sani et al. 2012: 1)

Cartoons are therefore in general silent impulses and a messenger that can employ satire in portraying the cartoonists' observations and opinions of the political landscape. To achieve such a result, "political cartoons must strike a delicate balance between telling things that seem real and true, and using wild imagination, exaggeration and humour" (Lee 2003: 2).

The immediate, simultaneous language of the image reaches us faster than the succession of the spoken language and the images often carry symbolic messages. Some claim that this is precisely the weakness of a cartoon, its placard, pointed and simplified displayed fact. But this form of display is a necessary and typical feature of a cartoon. A cartoon does not want to inform in a comprehensive way, but rather wants to uncover a fact or specific situation, wants to criticize, and wants express one's opinion. Cartoons therefore have the power and the function of holding a mirror up to individuals or the society to indirectly "inform" them about unspoken political contexts. The goal of a good cartoon is to ask: "What's behind it" and to start to controversially think about the given topic and a personal statement.

Studies have shown that readers can respond emotionally to current affairs. This is helpful in tapping into the emotional dimensions of readers minds. Cartoonists thereby create a basis for arguments by incorporating stereotypes into their work. Cartoons can therefore help to simplify the intent of the imagery that may otherwise not be obvious. In order to achieve this, cartoonists use exaggerations in size, emotions, and shape of a person or object. Some political satire has therefore been seen as controversial, such as Jyllands Posten's "The Mohammad cartoon" and the popular yet less controversial "Common man" by R.K. Laxman.

Cartoons do have specific characteristics and values (see table below). To analyse cartoons, specific questions need to be asked. Examples could be: What do I see? Why does it matter to me? Who or what is being addressed? How do I feel about the cartoon? What might be its purpose?

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**Table 6: Characteristics of a cartoon (translated from original table from: Pandel, Hans-Jürgen Pandel /Schneider, Gerhard (Eds.) (2001): Handbuch Medien im Geschichtsunterricht, Schwalbach/Ts., 2. Edition. p. 259 et seq.**

To analyse 'the contained message' of a political cartoon one can use the discourse analysis. Walker states that "when a history of political cartoons is analysed, not only are the politics and players of the time represented, but the mood of at least one segment in society is also represented" (Walker 2003: 17). But one has to keep in mind that "with respect to the point of view represented, that the images portrayed draw on public knowledge and reproduce a common- sense view of the world, which is the common- sense world of the cartoonist, as an employee of that particular newspaper" (Walker 2003: 18).

Since the social and political discourse during the time-period being researched plays a highly relevant role for the analysis of changing attitudes, Chapter 4.2 presents a selection of political cartoons which describe the discourse during the reigning period of Prime Minister Tony Blair and Chancellor Gerhard Schröder. In this work the qualitative method of discourse analysis is therefore used to analyse the cartoons to determine the effects of political cartoons in initiating social and political reforms in society. While the cartoons will give an initial insight into the given topics of changes within the political realm in the two countries, the heuristic analysis of political speeches by the two party leaders, coupled with the analysis of Labour manifestos and the SPD basic programmes will give an even more deeper insight about changes towards social policy and the existing welfare state system.

#### **1.3.1.2. APPLIED DISCOURSE ANALYSIS ON POLITICAL MANIFESTOS AND SPEECHES**

The qualitative heuristic methodology is applicable to all social sciences, including all kinds of texts and is a very unique form to analyse texts. The qualitatively heuristic procedure in this work is presented in form of an extensive text analysis on the basis of the speeches of Federal Chancellor Gerhard Schröder and Prime Minister Tony Blair, as well as on the basis of political programmes and manifestations.

Government declarations, as well as Party programmes or manifestos serve to announce publicly the political program of the (newly elected) government. They are intended as political declarations to the political public, and provide rough guidelines for the future political actions. As a “periodical expression of a long-term political program, government declarations thus provide information about the objectives of this government and its parliamentary majority (faction, coalition) and thus also serve the self-presentation of the political leadership at all [...] the most important functions therefore are: the announcement of the Government's political program and an agreement framework (work program) for coalition partners (Böhret 1991: 69)”.

Any analysis of speeches must deal with three influencing factors "to determine the material, semantic and pragmatic [and] to interpret the linguistic, the language and the rhetorical coherence in the whole of this speech. To determine the difference from other speeches one has to be unprejudiced regarding the psychology of the orator, the political situation of the time, the sociology of the listener, or heteronomous value systems" (Geißner 1969: p.15 and p. 59 et seq.).

A systematic analysis of political speeches or programmes should generally cover the following five aspects<sup>20</sup>:

1. Content: What is the point of the speech, what is the central topic and which core concepts, keywords and phrases characterize the text?

2. Speaker: Who is the speaker and in which function does the speaker speak, and what are the intentions with his speech?

3. Addressees and opponents: Who are the addressees of the speech? Are they political supporters or opponents? What kind of emotional and social relationship exists between the speaker and his audience? What ideological core belief does the addressee follow, what norms and values do count? Does the speaker establish a relationship with the addressees?

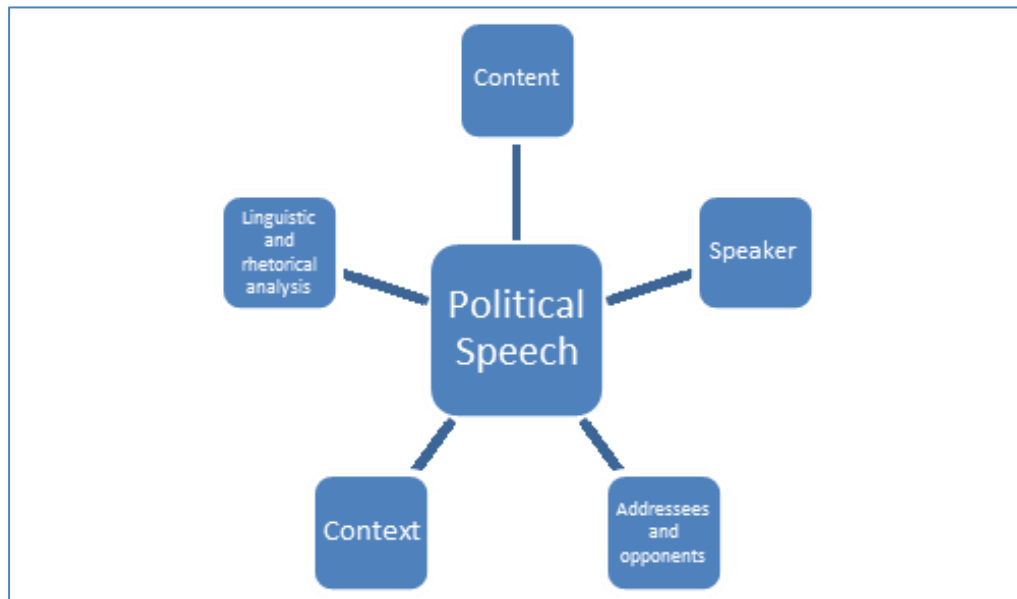
4. Context: Where and when is the speech held? In what current political situation or in which thematic context is the speech? Is it a spontaneous speech or a prepared speech?

5. Linguistic and rhetorical analysis: What type of speech is it? Will the speech inform about facts or appeal to an audience? Which linguistic peculiarities

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<sup>20</sup> Compare: Gora, Stephan (1992): Grundkurs Rhetorik. Eine Hinführung zum freien Sprechen. Klett Verlag, p. 60.

characterize the speech? What rhetorical means are used and with what purpose and effect?



**Figure 6: Systematic analysis of political speeches by Stephan Gora (1992)**  
(own diagram)

The following key speeches and texts were used for the analysis: **for the UK**→ Blair's Leaders speeches 1994, 1995, 1996, 1997, 1998, 2000, Faith in Politics speech 2001, leaders speech 2004, 2005 and 2006; furthermore the election manifestos of 1997, 2001, 2005; **for Germany**→ Schröder's government declaration 1998 and 2003; Modern Family politics speech (18.04.2002); 1 year anniversary Agenda 2010 speech (25.03.2004) and the Vote of confidence 01.07.2005 speech; and the Godesberger Programme from 1959 and the Berlin Programme from 1989 (in the revised version of 1998). Summary of statements from each texts are given in an abbreviated form, name of speaker, year and page number (i.e. Blair '87: 3). Important extracts of the texts are attached in the appendix (Appendix XIII and Appendix XIX).

To do an overall analysis, there are two options: analyse one of the speeches and then compare them with the others or look at all the speeches at the same time. Since, the speeches were given during a similar time period and are not very long, the intent of this work is to look at and ask questions to all given speeches at once. Since the texts are only available in either German and English the given topics or terms are given in German and English translation. The following relevant key themes within the texts helped to focus the research on the given research questions.

- Wandel/change
- Sozialstaat/sozial//welfare state/welfare
- Verantwortung/responsibility
- Gerechtigkeit/justice
- Solidarität/solidarity
- Freiheit/freedom
- Möglichkeit/opportunity
- Gemeinschaft/community
- Leistung/performance

Within the analysis the first step is to look at and compare the number of times these terms or themes were mentioned and in which form (i.e. responsibility, self-responsibility, etc.), while the second step of the analysis is to explore the individual statement and thinking and to apply and relate it to the given research questions.

### **1.3.2. ADVANTAGES AND DISADVANTAGES OF THE QUALITATIVE HEURISTIC METHOD**

The heuristic methodology is very time and labour intensive and places high demands on the ability of the researcher and a weakness of the method is that it does not have a single, uniform technique of analysis. It is more of a draft than a secure methodological procedure for the reconstruction of discourse processes. It is though the only social science text analysis method right now that tries to omit the typical problems that other social science methods have, such as the interpretive, static and subjective observation of a text. The heuristic method focuses on the openness, maximum structural variation and similarities and searches for apparent differences and focuses on the systematic exploration of the research object internally and externally in the form of a dialogue.

This form of research strategy can be seen as a particular methodological approach because, according to Kleining, it is the only one that combines the following important characteristics:

“The method aims to grasp relations, relationships, or structures. These are not regarded as something rigid but rather changing constantly. Structures are always historical and heuristic methods are therefore suitable to uncover the covert relationships and movements of social sciences [...] the method attempts to maximize the heuristic capacity of research in order to minimize the subject-object separation characteristic of modern industrial societies. This is

strived for by the systematic use of search and finding methods with the intention of gaining insights into the subjects or objects of research. Since social matters are concerned, social relations are always to be clarified..." (Kleining 1991: 264 et seq.).

It is a "more open strategy to analyse the unknown because assumptions about the nature of the texts are not explicitly made, and the un-reflected preconceptions of the researcher, the supposed self-understandings, are to be dismantled by the research process itself" (Kleining 1982, 1986, 1988, 1990).

Its strength is therefore that the method is a very open analytical approach that, in combination with the qualitative heuristic method, helps to break down the public discourse into objects/topics/themes, modalities of expressions, concepts and strategies in an empirically successful way.

### **1.3.3. SUMMARY**

The systematic heuristic analysis of the speeches of Tony Blair and Gerhard Schröder, as well as the analysis of the (New) Labour and SPD Party programmes and manifestos reveal and clarify in Chapter 4 the changing discourse of the elected governments during the given time period. This heuristic analysis is necessary in order to prove the programmatic change of attitudes towards the welfare state during the given time period, while the semi-structured expert interviews are used as 'background interviews' to reaffirm the changing discourse by experts who were not directly involved in the politics during the given time, but are now dealing with the aftermath and outcomes of the implemented policies.

### **1.4. QUALITATIVE METHOD: SEMI-STRUCTURED EXPERT INTERVIEWS**

Qualitative research is a method of inquiry employed in many different academic disciplines, traditionally in the social sciences, but also in market research and other contexts. The strength of qualitative research is its ability to provide complex textual descriptions of how people experience a given research issue. In addition, qualitative research seeks to explore phenomena by using semi-structured methods such as in-depth interviews, focus groups and/or participant observations.

There are several definitions for qualitative research interviews. But in general "[i]nterviews are particularly useful for getting the story behind a participant's experiences. The interviewer can pursue in-depth information around the topic. Interviews may be useful as a follow-up to certain questionnaire respondents, for instance to further investigate their responses" (McNamara 2007: 1). Interviews can



be categorized as structured, semi-structured and unstructured/ in-depth interviews.

### Structured interviews

“use questionnaires based on a predetermined and ‘standardised’ or identical set of questions and we refer to them as interviewer-administered questionnaires...By comparison, semi-structured and in-depth (unstructured) interviews are ‘non-standardised’. These are often referred to as ‘qualitative research interviews’... In semi-structured interviews the researcher will have a list of themes and questions to be covered, although these may vary from interview to interview...Unstructured interviews are informal... There is no predetermined list of questions to work through in this situation, although you need to have a clear idea about the aspect or aspects that you want to explore” (Saunders/Lewis/Thornhill 2009: 320-321).

In comparison to basic quantitative methods (such as questionnaires), interviews therefore provide a more complete understanding of social phenomena on account of the possibility of personal interaction. For the purpose of this study qualitative expert interviews with a semi-structured interview guideline containing open-ended questions were conducted. The special feature of the expert interview is the fact that the interviewee is chosen not as a person, but as an expert with a special background and organisational and institutional context (Atteslander 2003: 157; Meuser/Nagel 1991: 442). Experts therefore “base their views on secure assertions, his or her opinions are not just false pretences or non-committal assumptions” (Schütz 1972: 87).

The semi-structured interview guideline gives orientation but at the same time openness towards the topic (Meuser & Nagel 2002: 77 ff.). Since the semi-structured interview allows more openness of the expert, it is the best method to get the views and perspectives of the experts and their personal role. More structured questions would not allow flexibility in answers and a more open discussion.

The expert interviews were carried out in a written and oral form with a semi-structured interview guideline which allows the interviewer to be more flexible and open with regard to the questions and possible answers. The sequence of the questions is flexible (Atteslander 2003: 125). In order to compare the interviews later on, the categories of questions need to be similar.

#### **1.4.1. INTERVIEW FRAMEWORK**

The interview guideline (see also Appendix I and II) was discussed and prepared in cooperation with Professor Karl Cordell; it included a part with general information

and background information for the expert and up to five different sections containing a total of up to 15 questions. The five sections included the following themes:

1. Special background questions for the expert
2. General opinion on the welfare state
3. Questions about the necessity of reforms
4. Questions about the involvement/success of the Labour/Social Democratic Party/Unions
5. Questions concerning the development and future of welfare measures

These five sections contained some personal and key questions regarding the welfare state. Furthermore, a focus was laid on changes within the welfare system in the given time period with a special focus on welfare reforms, such as the labour market reforms under Schröder and Blair. Open-ended questions were used in all the interviews and were adapted only very slightly depending on the interviewing situation.

Open-ended questions are questions where there are no prescribed answers (Klammer 2005: 224 f.). The interviewee is therefore expected to answer the questions in his/her own words, since they are not able to answer questions with yes or no. With the support of a guideline, the interviewee will be able to participate in an open and flexible conversation (Schnell/Hill/Esser 2005: 330) and therefore the interviewer will get extended answers to his/her questions. This procedure guarantees that all relevant topics and themes are discussed (Keuneke 2005: 262 f., Schnell/Hiller/Esser 2005: 387, Mayer 2002: 36, Klammer 2005: 230), but at the same time it can offer a variety of new views and insights into the topic.

The number of questions was determined such that the interview would not be longer than one hour and would allow the interviewer to skip or add some questions, depending on the answers of the experts. During the interview, depending on the expert, further or more detailed questions were added, which are outlined in the analysis.

#### **1.4.2. SELECTION OF INTERVIEW PARTNERS**

For the interviews experts were chosen on the basis of their professional background, requiring at least ten years' experience in social policy and the area of welfare. Expert interview partners were carefully selected according to three criteria:

1. Their knowledge of German and/or British welfare politics, 2. Labour or SPD party politics, and 3. Policy making processes.

All the interview partners were either associated with welfare politics, political sciences, the SPD or Labour Party or a trade union. Other criteria, such as gender or age, had no influence on the selection. It was agreed that the experts' names would be kept confidential. Below is the list of the interviewed experts that were analysed in this work.

<b>Germany</b>	<b>Interview form</b>	<b>United Kingdom</b>	<b>Interview form</b>
<b>Expert 1 (SPD representative)</b>	Recorded	<b>Expert 5 (Labour Party representative)</b>	Recorded
<b>Expert 2 (Political Scientist)</b>	Recorded	<b>Expert 6 (Professor for political sciences)</b>	Recorded
<b>Expert 3 (Union)</b>	Recorded	<b>Expert 7 (Professor for political sciences)</b>	Recorded
<b>Expert 4 (Social Worker)</b>	Recorded	<b>Expert 8 (Union)</b>	Recorded

**Table 7: Conducted expert interviews (August 2014 - January 2016) (own table)**

**1.4.3. IMPLEMENTATION**

The interviews were conducted in person between August 2014 and January 2016 in Germany and the United Kingdom. In total 10 non- scientific interviews were conducted with friends and family to get as many inputs as possible about the given time period. A total of 12 expert interviews were completed, but only eight could be used for analysis. The other four could not be used since one was only written and incomplete, another one was only 30 min long and also not complete, one could not be analysed due to recording problems and one was by phone and could not be recorded. The chosen eight expert interviews strengthen the theoretical model, especially regarding the changes after the reigning periods of Schröder and Blair within the heuristic analysis in combination with the other mentioned methods. All analysed eight interview partners were first contacted by e-mail or post to arrange a possible interview date. A short summary of the topic of this work and the goals of the

interviews was sent to the experts. All of the interviews were conducted in person (digitally recorded in their office) and on the understanding that the interviewees' names would be kept confidential. See also Appendix III (summary of relevant statements of experts) and Appendix VII (Audio Files).

At the beginning of the interview a short introduction was given about the author and the work of the author. Furthermore, the time frame of the interview was set and the author asked the expert for permission to record the interview digitally. This allowed the author to focus totally on the interview. The interviews ranged in duration from 26 to about 72 minutes.

#### **1.4.4. ANALYSIS OF INTERVIEWS**

The interviews have been evaluated within the interpretation pattern analysis of Rainer Keller. According to this only the most important statements of the experts, (recorded and non-recorded) that are relevant for the work, were transcribed and are included in this work to support the findings of the empirical heuristic text analysis. Elements that were not important for the analysis were the tone of voice, pauses or any other vocal expressions. Therefore, only specific content has been categorized and coded to make it comparable (Atteslander 2003: 160 ff.) and paraphrased passages were given thematic headings (Meuser/Nagel 1991: 457 ff.). As of this point the researcher is the one that codes and standardizes the material, and reduces catchwords by enhancing the complexity of the content at the same time.

The next step is the thematic comparison in which the researcher finds thematic comparable passages within the different expert interviews (Meuser/Nagel 1991: 459 ff). Questions such as: "Which topics/themes were discussed by all experts? Where did they have different opinions? Which topics/themes are only mentioned by a few?" (ibid. 461 f.) These categories of answers are summarized in common headings and can then be analysed in more detail (see also Appendix III and IV). The following thematic headings are then translated into scientific terminology. The goal is to have a first empirical generalisation which still orients itself close to the original texts but it eventually translates the headings to a form of category (Meuser/Nagel 1991: 462 ff.).

#### **1.4.5. ADVANTAGES OF THE METHOD**

The advantage of the expert interviews lies in the diverse qualitative data that can be selected. In comparison to quantitative data, qualitative data can offer a lot more explicit information (Hoffmeyer-Zlotnik 1992: 1). The use of a semi-structured interview guideline allows the interviewer to achieve an open and flexible interview and the order of questions can be easily adjusted to the situation (Meuser/Nagel 1991: 448 ff.; Friedrichs 1990: 224). This approach facilitates faster interviews that can be more easily analysed and compared.

The advantages of the interviews lie in the qualitative data. These can be gained through the very diverse answers from the experts. In comparison to quantitative data, qualitative information can offer more comprehensive explanations (Keuneke 2005: 254 ff.). This offers a more open approach to the topic (Bock 2002: 91) and there is a special emphasis on the organisational and institutional context of this expert rather than his or her individual life situation (Mayer 2002: 37, Meuser/Nagel 1991: 442).

On the other hand, compared to basic quantitative methods (such as questionnaires), interviews provide a more complete understanding of social phenomena because of the possibility for personal interaction. For the purposes of this study qualitative expert interviews with an interview guideline containing open-ended questions were used to explore the hypotheses of this thesis.

In summary it can be said that the interviews offer a more complete understanding of the social phenomena during the given time period and its aftermaths.

#### **1.4.6. DISADVANTAGES OF THE METHOD**

The empirical research method of conducting interviews also has some disadvantages. Disadvantages may arise from the interviewee or interviewer having a distorting influence on the interview. For the interviewer this refers especially to his or her interviewing behaviour and appearance, and for the interviewee his or her expectation with regard to possible answers (Klammer 2005: 232-236). Another downside of almost all interviews is that they are time consuming and resource intensive. One such example is the role of the interviewer. Depending on his or her interview technique, including his or her behaviour and dress, or if the interviewer's

opinions become clear to the interviewee, the answers may be influenced and this might lead to distortions (Klammer 2005: 230 ff.). Furthermore, the analysis of the interviews is by comparison quite complex, demanding and time consuming. This is especially the case for the applied qualitative method of analysis in this work based on Meuser & Nagel (1991: 451 ff.). This complex analysis was only reduced by transcribing just the most important content of the interviews that was relevant for this work. The interview guidelines and a summary of relevant expert statements of the interviews are in the appendix of this work.

### **1.5. SUMMARY**

This chapter has introduced the theory and method used in this work. It has referred to the importance of comparative research in socio-political sciences and then introduces the main theoretical framework used by Esping-Andersen. Esping-Andersen's theory is extended in the multi-sector analysis for the purpose of this thesis. The aforementioned research strategies employ multiple methods to investigate the research questions. The combination of the qualitative heuristic methods, which included primary and secondary literature, political manifestos and speeches, as well as semi-structured expert interviews, confirms that these methods should not be understood as contradictory, rather as complementary methods. The combination of these methods ensures an open approach to the topic since they give historical processes and structures rules and forms to construct realities and therefore helps to reconstruct complex processes. Furthermore, it allows for the compensation of weaknesses in one method through the strengths of another. In summary it enhances the ability to thoroughly investigate the 'phenomenon' we call the welfare state and the changing attitudes of the two major social democratic parties towards it. The next chapter will therefore look in detail at the historical development and milestones of the welfare state as well as the two given parties.

## **2. CHAPTER II: THE BRITISH LABOUR PARTY AND THE SOCIAL DEMOCRATIC PARTY (SPD) OF GERMANY**

In Germany and other European countries, socialist parties and democrats played a prominent role in establishing trade unions, especially from the 1870s onwards. This stood in contrast to the British experience, where trade unions took an active political role and were stronger than the political labour movement. With the formation and growth of the Labour Party in the beginning of the 20th century, trade unions found a new role as lobbyists by financially supporting first the Liberal and then the Labour Party or even individual candidates (Wrigley 2002: 2). Once again it can be seen that the foundations of social politics in United Kingdom and Germany were quite different. But both, the Labour Party as well as the Social Democratic Party of Germany also have an exceptional role in regards to the development of welfare state policies. In order to facilitate understanding, some crucial social policy shifts and outstanding milestones in the history of these two parties are mentioned in the following subchapters.

### **2.1. MILESTONES OF THE LABOUR PARTY**

The Labour Party is a centre-left democratic socialist party founded in 1900 as the 'Labour Representation Committee (LRC)'. In 1906 it became the Labour Party and is today one of the three biggest parties in the UK. In 1918 the Labour Party adopted a programme that was called "Labour and the New Social Order, which

“called for the public ownership of the major industries, full employment, and a financial and economic policy to redistribute wealth to the working class; the programme enabled the party to distinguish itself from the Liberal Party” (Kavanagh et al. 2006: 253).

Labour surpassed the Liberal Party in general elections during the early 1920s, forming minority governments under Ramsay MacDonald in 1924 and 1929. During the 1930s the party lost support. As detailed earlier in the chapter, during and after the Second World War, UK society was under a lot of pressure and social change led to significant social reforms.

### **2.1.1. 1945- THE ESTABLISHMENT OF THE MODERN BRITISH WELFARE STATE**

The party was in wartime coalition from 1940 to 1945. In 1945 the Labour Party defeated Winston Churchill's Conservative Party and the new Prime Minister, Clement Attlee, announced that he would introduce the welfare state outlined in the 1942 Beveridge Report. This led the UK to becoming a modern welfare state. Clement Attlee's 1945-1951 Labour government pledged to eradicate social evils and undertook policy measures to provide for the people of the United Kingdom 'from the cradle to the grave'. Major reforms included were the 1944 Butler Act, the Family Allowance Act of 1945, the 1946 National Insurance Act and the 1948 National Health Act (see also above section on 'Development of welfare state, Second Phase- 1945 until 1970s').

The foundation of the National Health Service (NHS) by Labour Minister of Health Aneurin 'Nye' Bevan sought to standardize health care across the country. The notion was that as people became healthier, the overall cost of medical care would decrease and fewer treatments would be needed. Instead the cost increased dramatically, since with the introduction of the universal system more, people went to see the doctor more frequently, leading to severe financial problems. Therefore, in 1951 the Labour government introduced charges for dental and eye treatment, as well as prescriptions (Hill 1993:59).

Labour lost the general election in 1951. Before the new elections Labour had criticized its Conservative opponent for its position on welfare and tried to mobilize voters on expected cuts in welfare services and social spending. In the following 13-year period of opposition the Labour Party was searching for a new direction. The party experienced some major internal splits with regard to its position on socialism and capitalism. On the other hand, Clement Attlee's reforms became effective and at the same time "widespread affluence gave fresh underpinning to the revisionists' approach, and this in turn set the parameters for many of the policies which Labour would try to implement during the period after 1964" (Thorpe 2008: 142-162).

Eventually Labour worked out an impressive electoral manifesto in terms of welfare state expansion (Glennerster 2007: 97 ff), was returned to power from 1964 to 1970 under Harold Wilson, and from 1974 to 1979 under James Callaghan. Wilson attempted to resolve the problem of Britain's relative economic decline by pursuing a



strategy in which the government attempted to facilitate economic development in the direction of predicted growth. Labour did this by increasing the social security benefits for unemployment, health, and pensions. Still some critics regarded the expansion of social security as insufficient for a more comprehensive expansion of the British welfare state (Hill 1993: chap 5; Glennerster 2007: chap 5). This moderate social-democratic approach under Wilson and Callaghan drew attention away from Britain's chronic economic problems and Labour's worsening relations with its trade union allies (Thorpe 2008: 163-185).

The trade unions in UK had come to incredible influence in the 20<sup>th</sup> century which originates firstly in the fact that the difference between the social classes had always been more pronounced than in countries such as Germany. Trade union power and regular strikes are phenotypes of the lower classes struggle to level out differences within the class conflicts. The strike intensity in UK between 1970 and 1979 was ten times as high as in Germany during that period (Fröhlich/Schnabel 1990: 178).

The classic welfare state period lasted from approximately 1945 to the late-1970s. In the 1970s Britain "appeared to be the weak link in the international liberal capitalist economic system" (Kavanagh 2011: 2). The response of successive governments was to work on new income policies by agreeing on standards for annual wage rises with the unions. Those measures

"managed to keep prices down for a time, but collapsed when powerful groups broke the 'norm'. They failed dramatically with the Edward Heath government in 1973-1974. Just as the Heath government lost the February 1974 general election, so the Labour government lost office in 1979 for similar reasons" (Beech/Lee 2008: 43-44; Thorpe 2008: 205-210; Kavanagh 2011: 'economic decline').

Heffernan (2000: 96) notes that

"policy seeking may come to the fore as the party attempts to react to the loss of office. This is evidenced in different forms by Labour post- 1979 and Conservatives post- 1974 in the wake of the perceived failures of the Heath, Wilson and Callaghan administrations. On both occasions office seeking strategies promoted in their place as the dominant objective. Hence, party change can be measured as a process of selecting as a dominant objective one primary goal from another. Having prioritised office seeking as their dominant objective, parties are likely to

accept the need for party change in the pursuit of this goal at the expense of radical policy seeking in line with traditional ideological predilections”.

Does an electoral defeat or policy failure lead to a change within the party system? The period after 1979 revealed the outcomes and consequences.

### **2.1.2. 1979- THE ‘WINTER OF DISCONTENT’ AND MARGARET THATCHER**

James Callaghan lost power in the 'Winter of Discontent' of 1979. The 'Winter of Discontent' referred to widespread strikes by local authority trade unions demanding larger pay rises for their members, whilst the Labour government sought to hold a pay freeze to control inflation. It destroyed the government's reputation for prudent economic management and its ability to gain the cooperation of the unions. The Labour Party lost power and United Kingdom was now lead by the Conservatives under Margaret Thatcher. (Thorpe 2008: 209-210).

The Conservative Party was in power from 1979 to 1997. The main parties continued to differ over the role of the state, particularly regarding public spending and its welfare state support. Prime Minister Margaret Thatcher's intention was on the one hand to 'roll back the state' since excessive public expenditure was allegedly the cause of most of Britain's economic difficulties, on the other hand the Thatcher era also led to massive under-investment in infrastructure, particularly railways, roads, schools and universities (Heffernan 2000: 29-46). Under the administration of Thatcher (1979-1990) and John Major (1990 -1997) “the influence of the private sector on the welfare services was enormous” (Schubert et al. 2008: 264).

For the Labour Party this period of being in opposition was a time of programmatic crisis. As noted above, Labour underwent a period of considerable internal turmoil and “responded to successive electoral defeats and structure in 1979, 1983, 1987 and 1992, which led to the prioritization of office seeking over policy seeking” (Heffernan 2000: 98). Furthermore, it led to the revision of the party's policy platform, its strategy and organizational structures that took place under the leaderships of Neil Kinnock (1983-92), John Smith (1992-94), and Tony Blair (1994-2007) (Sassoon, 1997; Mandelson, 2002; Fielding, 2003).

The strong mobilization of Labour's core constituency under Blair's New Labour's represented a changed ideological commitment to the welfare state.

### **2.1.3. 1997- 'NEW LABOUR' UNDER BLAIR**

Under the leadership of Blair, the Labour Party started to transform and reform. The Party promised to form a better government than the Conservative administration and in his 1994 conference speech Blair unveiled the new slogan 'New Labour, New Britain'. In his speech he stated "that Labour needed to change with a changing world in order to remain relevant" (Thorpe 2008: 246-247).

In 1997 this 'New Labour' agenda, combined with highly professionalized political marketing, was seen as a reformed and fresh alternative under the leadership of Tony Blair, returning Labour to power after eighteen years of Conservative Party rule and securing his appointment as Prime Minister. The year 1997 can also be seen as the beginning of a "new social democratic moment" in the United Kingdom. Figuratively the slogan 'New Labour, New Britain' was underpinned by the political philosophy of the Third Way. The aim was to promote the primacy of the economy, and to concentrate spending priorities on social investment within the context of an active welfare state (Giddens, 1998; Thorpe 2008: 251; Blair, 1998; Blair-Schröder Paper 1999). In his (former) analysis of the Third Way Giddens refers to a changing world and suggests that the Third Way is a response to that change, hereby especially a rational response to a new political social and economic environment.

During the premierships of Blair and Brown there were big policy changes (Expert 6: 00:05 min). From 1999 until 2004 one can speak of the golden social welfare years for Labour and Blair, while after 2004, Blair got caught up in foreign policy (refer to Expert 6: 36:15 min and 51:20 min). The main challenge for the Labour Party after eighteen years of Conservative ruling was to come to terms with 'post-Thatcherite politics' (Driver and Martell, 2006). These included two major challenges. The first one was to deal with the intense pressure on public spending resulting from an ageing population and the increasing cost of healthcare by improving employment rates in the UK. The second challenge was to reposition the role of the state ('it should not row, but steer') in the economy and in public services (Blair and Schröder 1999: 164). In sum, it can be said that the Blair government accepted some of Margaret Thatcher's policies but also carried out several of the reforms it promised in its manifesto. The party did not repeal all such legislation. To a considerable degree, it simply preserved the labour market policy inherited from the

Thatcher and Major governments (Heffernan 2000). Furthermore, the trend of stagnant wages, unemployment, rising income inequality and growing inequality (Expert 8: 2:02 min) put a lot of public pressure on the Labour Party.

Welfare reforms under New Labour promoted work, an active role and participation within the labour market. In a way “Blair continued the philosophy of the conservatives, supported by Giddens Third Way ideologies. Within the British welfare state there was no place for people who are idle; people need to become more responsible. After the shock of 1992, when Labour did not come into power the party knew that reform was necessary and this is why most party members accepted the third way ideas” (Expert 7: 13:45 min).

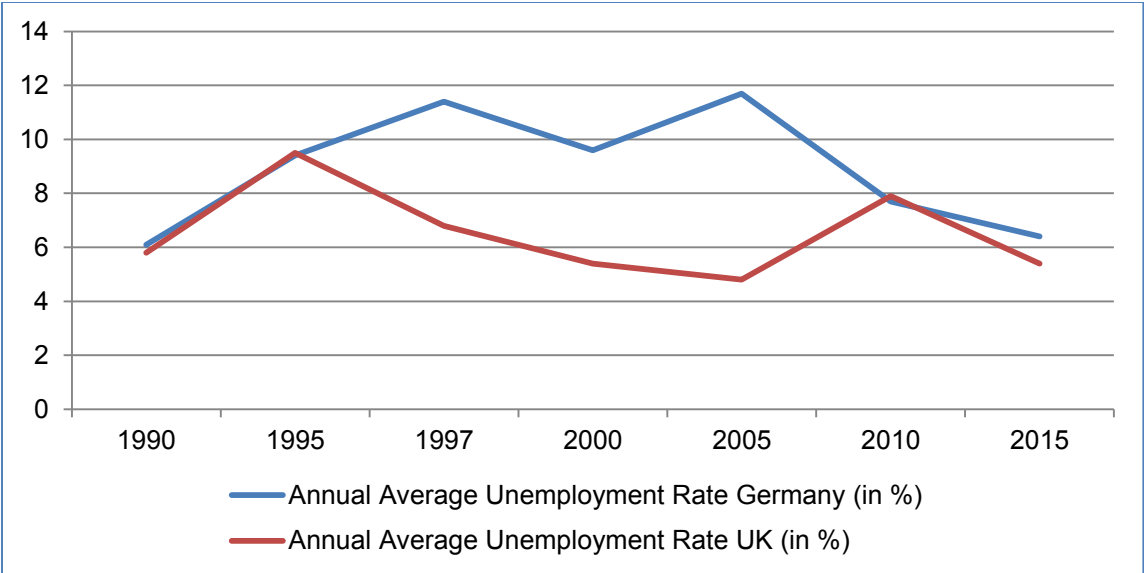
Table 8 gives a summary of all reforms under New Labour. One of the first major acts by New Labour was to implement the ‘New Deal’ welfare state reforms indicating a policy change against Labour’s old social policy legacy (Clasen 2005: 11-23). The New Deal program changed the British system of unemployed insurance as welfare entitlements. This meant that the unemployed were no longer to be granted welfare services unless they participated in specific labour market programs including job-search assistance and training (Taylor-Gooby 2004; Clasen 2005: 53-93). In a similar approach, Labour’s German sister party, the SPD, regained power with a comparable change towards a Third Way agenda (‘The New Centre’) and was responsible for welfare state reforms breaking with the party’s as well as the country’s existing welfare legacy (Kemmerling/Bruttel 2006: 108-109).

<b>Welfare reforms of the Labour Party</b>		
<b>United Kingdom (1997-2010)</b>		
<b>Year and Name of Policy</b>	<b>Measurements</b>	<b>Effect: Shift towards other welfare regime</b>
<b>1998 National Childcare Strategy</b>	A complex initiative for the development, expansion, implementation and sustainability of early years and childcare services	Social
<b>1998: New Deal for Young People (NDYP)</b>	A £5.2 billion welfare-to-work initiative funded by a windfall tax on private utilities. It targeted unemployed youth (aged 18–24) unemployed for 6 months or longer.	Social
<b>1998: New Deal 25+</b>	Targeted aged 25+ unemployed for eighteen months or more.	Social
<b>1998: New Deal for Lone Parents</b>	Targeted single parents with school age children.	Social
<b>1998: New Deal for Disabled, New Deal 50+, for Musicians</b>	Targeted those with disabilities, targeted those aged 50+ and aimed at unemployed musicians.	Social
<b>1998 National Minimum Wage Act</b>	Created a minimum wage across the country	Social
<b>1999: Working Family Tax Credit</b>	Tax credit scheme for low income workers which was meant to provide an incentive to work, and to continue in work.	Conservative

**Table 8: British welfare reforms overview (own table)**

As the core of all social programmes the Labour government introduced the ‘New Deal’ in 1997. The aim of this programme was to increase employment through requiring that recipients make serious efforts to seek employment. The program aimed at creating jobs for certain demographic groups, each of them being addressed separately by a different New Deal program. The New Deal for the young unemployed targeted about 250.000 persons aged between 18-25. These groups are: Unemployed 18-25 year olds, single mothers, unemployed people aged over 50, disabled persons and those over 25. The financing of the program, which was introduced at a time of fiscal austerity in 1997, was secured by Gordon Brown who raised taxes on windfall profits made by companies that had recently been privatised. The effect of the New Deal program was that an estimated 11% more of the young unemployed found a job, which equals approximately 11000 per year (Dickens 2003: 25). According to other sources, twice the number of longer unemployed people over

25 found work through the programme in comparison to a situation where the programme would not have been implemented (Toynbee/Walker 2001: 15). The UK's unemployment rates (see Figure 7 below) constantly declined since New Labour came to office in 1997, which is also due to the New Deal programme. In comparison the unemployment rates in Germany had its peak in 2004 and with the implementations of the Agenda 2010 these started to decrease.



**Figure 7: UK and German unemployment rates in percentages from the 1990 to 2015, Source: OECD Annual Average Unemployment Rates (own figure)**

The Labour Party also introduced a system of tax credits for low-income workers. For years, the so called 'Family Credit' had supplemented incomes of working parents with children. New Labour replaced it with the 'Working Family Tax Credit' (WFTC), where families now saw a huge rise in their incomes- up to 50 Pounds more a week, with an average rise of 24 Pounds over the old Family Credit system. In 2000, no family with children would ever live below 214 Pounds a week; they would pay no tax until earning over 12000 Pounds a year. About 1 million households received it and were exempted from National Insurance (Toynbee/Walker 2001: 21). To tackle Child poverty income support for children was also raised by 72% between July 1997 and April 2000 (ibid.: 22). By spring 2001 more than "1.2 million children, a quarter of the poorest, had been lifted above the poverty line" (ibid.: 42).

Labour introduced in consensus with the Trade Union Congress (TUC) in 1999 a National Minimum Wage. This was a big milestone, for no other government had

managed to implement this overdue measure before. Under Margaret Thatcher's premiership the goal was to advocate low wages for the sake of high unemployment. Consequently, there were many objections to its introduction, as it was often stated that it would lead to lower unemployment (see development of unemployment in Figure 7 above), because employers would not be able to maintain their workforces at increased expenses. With the introduction of the minimum wage "workers in around 1.3 million jobs were entitled to higher wages as a result of the introduction of the minimum wage and the impact on the wage bill was 0.35%"<sup>21</sup>

According to a study published by professors from the University of Cambridge and the London School of Economics in October 2003 New Labour successfully reduced the overall poverty by one quarter by 2004 and increased income differentials<sup>22</sup>. The post-tax income of the poorest tenth of the population increased by 8.8% in real terms, while the richest ten percent lost 0.5% between July 1997 and April 2000 (Toynbee/Walker 2001: 41-42). Overall New Labour was very successful in compensating for the reverse sides of Thatcherism which included growing income inequality and increasing poverty rates. Even though New Labour did improve the situation of the British population, "it is surprising how little these great leaps forward entered into the political consciousness" (Toynbee/Walker 2001: 22). This may in fact have to do with Blair's decision to support unconditionally George Bush in America's war in Iraq. Like Thatcher before him, Blair's loyalty to the USA seemed unlimited.

In 2005 Labour won its third consecutive general election for the first time in the party's history. Gordon Brown followed the reign of Tony Blair in 2007. He became the party leader and prime minister (2007-2010), but was unpopular, partly because the public blamed him to some extent for the recent recession and a sharp deterioration in the government's finances. Though some Labour MPs, including former government ministers, talked of replacing him or persuading him to resign prior to the election to give Labour a better chance of winning under a new leader, talk never translated into effective action (Kavanagh et al. 2006: 351- 353).

The gap between the Conservatives and Labour narrowed in the winter of 2009–10. Labour's defeat was widely expected. Thirteen years of Labour government came to an end on 11 May 2010. The general election held produced a

<sup>21</sup> Source Internet, Impact of the National Minimum Wage: <http://www.lowpay.gov.uk/lowpay/report3/008imp.html>, (retrieved: 24.4.2015)

<sup>22</sup> Source Internet, Progress on poverty, 1997 to 20003/4: <http://www.jfr.org.uk/knowledge/findings/socialpolicy/043.asp>, (retrieved: 25.4.2015)

'hung parliament', in which no party held a majority. David Cameron, leader of the Conservative Party, became the UK's youngest prime minister in almost 200 years. He formed a coalition government—Britain's first since Second World War—with the Liberal Democrats, whose leader, Nick Clegg, became deputy prime minister (Naughton/Watson 7 May 2010).

Like many other socialist parties in Western Europe, the British Labour Party has survived many ups and downs in regards to gaining and losing power, as did the Social Democratic Party of Germany (SPD). Initially, the SPD focused their Programmes on the ideas of Marxism, whilst the Labour Party concentrated more on current socio-political topics of the unions. Prior to the Second World War, "Labour's electoral support was based largely on blue-collar workers and middle-class socialists. Since the 1960s sections of the middle class who work in the public sector have joined the coalition" (Pemberton/ Wickham-Jones (2013); Britannica Encyclopaedia 2011: 'Labour Party'). Between 1994 and 1998 the British Labour Party membership increased by 40%<sup>23</sup>.

During this time period

"Blair's Labour Party provided a range of incentives to encourage individuals to join. For example, members had the opportunity to influence the choice of party policies and personnel following the introduction of new organizational structures. Furthermore, members were encouraged to believe that they would be contributing to significant policy changes in Britain if they helped Labour to be elected as the governing party. As a further incentive, the party emphasized that new recruits would be joining a growing, vibrant, social organization. These particular incentives were no longer so powerful after Labour had been elected to office in 1997, and from 1998 onwards party membership began to decline again [...] This decline was mainly due to a variety of different policy disparities" (Seyd/Whitely: 2004: 357).

In summary it can be said that gaining the support of this new middle class was therefore essential for the electoral victory for both the Labour Party and the SPD during times of demographic and economic change.

## **2.2. MILESTONES OF THE SOCIAL DEMOCRATIC PARTY OF GERMANY (SPD)**

The Social Democratic Party of Germany (SPD) was established at the Gotha conference of 1875 where the General German Workers' Union (led by Ferdinand Lassalle), and the Social Democratic Workers' Party (led by August Bebel and

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<sup>23</sup> Source: Labour Party National Executive Committee Reports.



Wilhelm Liebknecht) united their two parties. In 1891 it officially adopted its current name, the Social Democratic Party of Germany. It is the oldest party in Germany. In the 1890s the SPD was the representative of the working class and trade unions that had evolved out of the industrial revolution.

Up until 1959 the SPD declared its commitment to Marxist ideas of “class conflict and the necessity of overthrowing the existing system, but it also declared its willingness to work within the status quo for short-term reforms such as a state-funded education system, universal suffrage and social legislation to protect the working conditions and health of workers” (Whitfield 2000: 71).

Industrialization and urbanization fostered the growth of socialist ideas, as is shown by the Erfurt Programme of 1891 was. Written by Karl Kautsky<sup>24</sup> (1892) it confirmed the SPD’s support for Marxist ideas. The SPD attracted growing support and was able to continue to contest elections due to the socio- political conditions within the country, and by 1912 it had become the largest party in the Reichstag (Whitfield 2000: 92-93). The First World War ended the party’s sequence of unity by an internal split of the party. The right wing, under Friedrich Ebert, joined with liberals and conservatives in coalition in 1918–20. It remained part of several coalition governments, but lost a lot of working class support to the Communist Party of Germany (KPD).

In 1924 the SPD won back some support among blue-collar workers and experienced a major shift in policies reflected by the Heidelberg Programme of 1925, which "called for the transformation of the capitalist system of private ownership of the means of production to social ownership" (Lösche 2009). In 1933 the SPD was outlawed by the Nazis, but revived in 1945 with the fall of the Third Reich. After the Second World War the SPD started to grow and soon became the member strongest party of the Western zone with 875,000 members in 1947 (Lösche 1994: 127). The SPD knew that they had to start to react to the societal and political change during these times. The Party grew and became more popular, not only for the working class, and therefore slowly turned into a Peoples Party that could in the near future

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<sup>24</sup> The SPD published the Programme in Erfurt in 1891 which played a major role in the history of the party. The Programme was co- written by Karl Kautsky and Eduard Bernstein. The basic part of the Programme was worded by Kautsky, the practical political claims by Bernstein. Claims about forecasting the future of capitalism and democratic demands exerted a great fascination for the struggling working class that was longing after a better economic standing, more social security and recognition and equality. For the Social Democratic Party the Erfurt Programme was for decades the instrument for assessing the economic and social situation in industrial capitalism.

gain even more power by winning an election. Therefore, they started to work out a new programme which would radically change the party's stance to a more pragmatic position towards the economy and the welfare state (ibid: 131; Glotz 1976: 192-194). This Programme became known as the Godesberger Programme.

### **2.2.1. 1959- GODESBERGER PROGRAMME**

Douglas A. Chalmers (1964) focuses his work on the party's post- Second World War history, especially its Bad Godesberg Programme. He shows that this programme signified a radical change in policy. It featured the end of the party's socialist economic principles and the beginning of adopting the principles of the social market economy. The party changed from being a class- party of organized labour to being a major party claiming a higher membership and seeking to attract people with diverse viewpoints.

In the following decades the party focused on steering the economy by means of Keynesian politics and the expansion of welfare policies. In combination with the emergence of a dynamic leader in Willy Brandt, the SPD grew even more confident. In November 1966 the SPD was returned to power for the first time in the Federal Republic as the junior partner in coalition with the CDU/CSU. The party could now present itself as one of modernization by being able to govern and move away from the accusation that it was still at heart a Marxist party with revolutionary pretensions. Furthermore, this 'Grand Coalition' can be seen as a turning point in the history of Germany. It showed that the German governmental system was open for coalitions that might precipitate political change (Lösche 1994: 108-109).

### **2.2.2. 1969- FIRST SPD-CHANCELLOR WILLY BRANDT**

The year 1969 is another milestone in the history of the Party. For the first time the SPD and the Free Democratic Party (FDP) built a coalition and in the Federal Republic of Germany Willy Brandt was elected as Chancellor for the first time in the history of the 'socialist' Party.

Brandt's most notable achievements were in foreign policy but on the domestic side with regard to the welfare state, the SPD-FDP coalition succeeded in almost doubling social spending between 1969 and 1975 (Chalmers 1964). The years 1972-1976 were very successful for the party. Helmut Schmidt succeeded Brandt, following the latter's resignation in 1974. Although Schmidt won a reputation as a highly

effective leader, this period was one of oil crises and economic stagnation and inflation. A critical problem for the SPD-FDP government was a difference in opinion over the appropriate response to these problems. The SPD came up with Keynesian solutions, such as Keynesian-oriented state investment and spending programs to deal with the various problems that had emerged during their reigning period<sup>25</sup>.

In 1982 the Free Democrats decided to abandon the coalition with the SPD and allied themselves with the CDU/CSU, forcing the SPD out of power (Walter 2009: 204 ff.). Following major cuts within the social sector Schmidt lost some support from the unions and as a consequence a large number of votes (Lösche 1994: 110). After 1982 the SPD spent 16 years in opposition. Rather than move to the left, the SPD chose a centrist strategy in the 1987 national election and earned only a small increase in voter support.

In 1990 the nomination of Oskar Lafontaine as chancellor candidate suggested a tactical shift to the left aimed at attracting liberal, middle-class voters. However, due to the collapse of the German Democratic Republic (GDR), Lafontaine's reluctance to engage with new political realities proved to be fatal. The national election in December 1990 became, in essence, a referendum on unification, and the CDU's Helmut Kohl, who had endorsed a speedy union, far outstripped the more ambivalent and pessimistic Lafontaine in the polls (Walter 2009: 225 ff./236 ff.).

During the period of the Kohl administration many Social Democrats reflected negatively on the administration and their plans in regards to the dismantling of the welfare state (as happened in the UK during the Thatcher administration). The Kohl administration in fact worked out a new package for the renewal of the social market economy. The conservative government under Kohl returned to supply-side economic, that were much closer to Thatcher's monetarist approach. Cuts were made to education, social insurance/assistance, unemployment compensation benefits and pensions. The government, however, did not seek a radical restructuring of the welfare state and failed to give appropriate answers to Germany's unemployment problem. The social welfare structure was preserved and with the introduction of the nursing care insurance in 1994 another pillar of social policy was added. This allowed the Kohl government to reform the German welfare state at a

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<sup>25</sup> Source: Keynesianismus, <http://wirtschaftslexikon.gabler.de/Definition/keynesianismus.html#head5>, (retrieved: 8.4.2017)

time during which the reunification of the country, brought new and largely unexpected financial challenges. (Butterwegge 2006: 155-157).

### **2.2.3. 1998- THE ERA SPD- CHANCELLOR GERHARD SCHRÖDER**

In the 1990s the right of centre administration and the opposition kept on arguing about the so called 'reform gridlock, while at the same time, the economic crisis led to mass protests against the feared cuts in social services and unemployment kept rising. These issues could have been the beginning of a major reform period for the social democratic (welfare) system within Germany. But did they?

The outcome of the federal election (1998) was unique in the history of Germany. For the first time parties that are traditionally classified as 'left of centre' received more than 50 per cent of the votes. The Social Democrats became the strongest political force for the first time since 1972. Gerhard Schröder became Chancellor and remained in office until 2005. He led the first red-green coalition at the federal level.

Schröder faced a difficult situation when he came into power in 1998. Germany has a complex political system with a high number of institutional actors and a coordinated discourse of reform. This coordinated discourse is necessary to enforce possible reforms on the government level (Turowski 2010: 281). Schröder's first period in power was marked by coordinated discourse politics to maintain and regain the trust of his social partners. He therefore decided to re-establish the so called 'Bündnis für Arbeit' (Alliance for Jobs) in which government representatives, representatives from the industry and unions tried to agree on measures to reduce unemployment by establishing new jobs and improving opportunities for German companies. Seen in retrospective this 'Bündnis' hindered Schröder from achieving any real reforms in the employment sector because of the failed cooperation and constellation between the government, members of the employers' associations and trade unions. The German sociologist Wolfgang Streeck confirms this failure and says that it

"marks the end of the attempt to accomplish the adjustment of the German labour market and welfare state. The root causes of the failure are located mainly in the peculiarities of the organization of the German state and its system of party competition. The history of the Alliance for Jobs can therefore essentially be recounted as a history of conflict over the distribution of political power within the state system" (Streeck 2003: 1).

Central labour- and social political reforms by the SPD between 1998 and 2005 were:

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**Table 9: German welfare reforms overview (translated summary of Dallinger and Fückel (3/2014) including additional information**

Social policy reforms are aimed at preventing and reducing inequality and injustice. Especially labour market reforms take time to adjust and the outcomes of the reforms are very hard to predict in the long run due to the steadily changing economic conditions.

A first step of the Schröder government was to reduce unemployment, and especially youth unemployment, by the creation of more apprenticeship places. Similar to the British New Deal programme for 18-25-year-olds, a program called 'Jump' was initiated in 1999. It supports job qualification of unemployed youths; supplements wages paid by employers taking these up and provides general support and advice. Even though Germany fares well in European comparison of youth unemployment rates, the measures were still very successful. From 1998 to 1999 the numbers of young unemployed shrank from 472.000 down to almost 400.000. In 2002, the German youth unemployment figure amounted to 9.3% compared to 16.4% within the Euro zone. Overall unemployment went down to 7.8% in 2001 from once 9.1% in 1998, but returned to 10.5% in 2004.<sup>26</sup> At this point Schröder knew that radical reforms regarding the Labour market were needed to decrease the numbers in unemployment.

During its first term the SPD was unable to reduce unemployment or revive the country's stagnant economy. The perception of a party that political action may be at least as important as the adopted programmes was evident in the phase of red-green coalition. The policies of this phase lacked a clear social democratic vision which was reflected in inconsistency of the political acts. To improve the overall situation, the German system changed from an active to an activating labour market policy system.

<sup>26</sup> Source: Statistics Youth Unemployment & Unemployment Rates, Eurostat 1999- 2002

Schemes such as the Job- AQTIV Act<sup>27</sup> levelled the previous regulations of German Social Code/Third Book (SGBII)<sup>28</sup>. Within the Job- AQTIV Act unemployed persons were for the first time entitled to employ private agents, and those who have not been placed after three months of unemployment could receive a placement voucher. Hartz I-IV and the Agenda 2010 were brought on the way in 2003. The goal was to make the German Labour market more effective and labour administration more efficient. Hartz I-III reforms (1 January 2003) included the renaming and reorganization of the Federal Employment Office (Bundesanstalt für Arbeit) into Federal Employment Agency (Bundesagentur für Arbeit), the partial deregulation of the labour market in the shape of temporary employment, mini jobs, low- wage jobs, and changes in benefit entitlement rules (means- testing) as well as in the organisation of the new Agency. The largest of these social reforms and the one with the greatest effects was the implementation of the Hartz IV reform which came into effect in 1 January 2005. This reform combined the old forms of the unemployment assistance and social welfare benefits to basic benefits for job- seekers. The main element of Hartz IV is that the unemployment benefits and the welfare benefits are combined, but at the lower level of the former social assistance with an amount of 374€/month (raised in 2013 to 391€/month<sup>29</sup>) for a single person. Added to this, are housing benefits and health care. In addition, couples can receive benefits for each partner and their children.

The Agenda 2010 was set up in 2003 to enhance economic growth and especially reduce unemployment. The name indicated that the plan should roughly be implemented by the year 2010. It is interesting to see that the plan contains a variety of neoliberal, thus monetarist elements, for example the reduction of ancillary wage costs, tax reductions and the loosening of job protection laws. In fact, Schröders government had been lowering taxes quite considerably since 1998, at the same time health costs increased due to a variety of measures introduced by the government, such as the 'Praxisgebühr' (practice fee)<sup>30</sup> - which does not exist anymore- or additional contributions of patients for dental prostheses or for

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<sup>27</sup> Introduced in 2002, AQTIV stands for "*aktivieren (activate), Qualifizieren (qualify), Trainieren (train), Investieren (invest), Vermitteln (place)*".

<sup>28</sup> Introduced 1 January 1998- an employment promotion that increased self- responsibility of unemployed persons and employers which replaced the Employment Promotion Act.

<sup>29</sup> Source: Focus magazine: Government to expand unemployment benefits rules, 13.9.2012

<sup>30</sup> The German 'practice fee' was from 2004 till the end of 2012 an additional payment at the rate of 10 euros which the insured person had to pay to the legal health insurance in Germany for any kind of doctor visits (also emergency), dentist visits or psychotherapist's visits once per quarter.

medication. Furthermore, the pension system was turned into a partly private system in 2000/2001 by introducing the 'Riester pension' (see also Table 10).

The main goal of the Job- AQTIV Act and the Agenda 2010 was to reduce unemployment (especially long- term unemployment) and restructure and liberalise the benefits system. The main aim was to make Germany's labour market more flexible. The biggest effect was the merging of the federal assistance for the unemployed and municipal welfare benefits into one guarantee of a basic (minimum) living standard (Hartz IV law). Furthermore, there was a development towards mean-testing and time limitations to the benefits systems. The new strategy of the welfare state evolved around assisting and demanding action from the unemployed. This included the unemployed having to prove that they were trying to find a job by writing applications and showing up for regular appointments at the Federal Employment Agency. Passive labour market policies provide some basic social security, while active labour market policies developed more into activating labour market.

Between 2002 and 2005, Chancellor Schröder took further steps in the 'reform' of the German welfare state by transforming the labour market. Schröder's goal was to reduce the unemployment rate in Germany from four million to two million within four years. The reforms of the benefit systems Hartz (especially Hartz IV) represented a considerable change within the German welfare system. A considerable reduction in short and long term unemployment has led to the assumption that the Hartz reforms are successful, but these statistics are flawed since not all workers, such as part- timer, are included in the statistics. Furthermore, people who received sickness benefits were transferred into the system of unemployment benefits. This special reform of the unemployment system "has affected the character of the German welfare state and led to claims of the first signs of retrenchment" (Kemmerling/Bruttel 2006: 109).

The major goal of Agenda 2010, especially the Hartz IV reform was to reform the labour market by reducing unemployment. The impact of the Hartz IV labour market reform was therefore important for the distribution of income and consequently, the distribution of equality within the country. The question was no more about the distribution of justice but rather the equal opportunity for justice.

Since the implementation of the labour market reforms in Germany, unemployment was significantly reduced, but at the same time income inequality

rose. In Germany this was mainly due to the expansion of the low-wage sector and low-wage work with no minimum wage regulations. The OECD (2010) records that the number of part-time employed people in Germany has risen from about three million to more than eight million since the 1980s. The flexibility of the labour market was one important step to reduce unemployment, but to reduce structural unemployment more steps needed to be done.

Schröder knew that many people expected a reform of the economic and social policies from him. It was therefore no surprise when Chancellor Schröder, and Prime Minister Blair published the Schröder- Blair paper<sup>31</sup> in 1999. This paper introduced a renewal of social democracy. The strategy of the Third Way that was mentioned in this paper resulted in the late 1990s and early 2000s in the transformation of the traditional welfare state into a workfare state ('activating welfare state'). This new arrangement also demanded services in return from its citizens. Schröder's main goals, announced under the slogan 'To admit one's responsibility', were to cut social spending and to encourage more personal responsibility (Butterwegge 2006: 159; 237 ff.).

During its second term in government, the SPD was still unable to reduce unemployment or revive the country's stagnant economy, and it suffered a series of devastating losses in state elections. Why was that so? The perception of a party that political action may be at least as important as the adopted programmes was evident in the phase of red-green coalition, but the policies of this phase lacked a clear social democratic vision that was reflected in the inconsistency of the political acts. Thousands of party members left the SPD in protest over cuts in what were considered sacred programmes, such as unemployment benefits and health care. It eventually led, in 2005, some ex-SPD members, mainly disappointed Social Democrats and trade unionists under the leadership of former SPD leader Oskar Lafontaine, to establish an alternative party called the Labour and Social Justice – The Electoral Alternative (WASG). The new party jointly campaigned in 2005 with the eastern-based Party of Democratic Socialism (PDS). The foundation and relative success of the new Left Party can be seen as the result of programmatic weakness (move to the centre) and policy decision making of the SPD.

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<sup>31</sup> Source: Blair- Schröder Paper (19 August 1999) in Internet Archive, <https://web.archive.org/web/19990819090124/http://www.labour.org.uk/views/items/00000053.html>, (retrieved: 24.3.2014) and see more details in the next section 2.3.



Despite the voters' dissatisfaction with the SPD-led government after all those years Schröder still retained widespread popularity in the early 2000s. Neither the SPD nor the CDU/CSU was able to form a majority government with its preferred coalition partner because of the success of Lafontaine's new party and the PDS.

The bad state election result of North Rhine-Westphalia in 2005 as well as state budget problems were the reason for Schröder to trigger new elections and questioned the continuation of the coalition's work so far. Gerhard Schröder said: "For the continuation of the reforms, which I believe to be necessary, I consider clear support from a majority of Germans to be indispensable"<sup>32</sup>. In 2005 the SPD entered into a grand coalition with the CDU-CSU as the junior partner and Schröder resigned the chancellorship (Bundeszentrale für Politische Bildung 2011, 'Parteien. Die Geschichte der SPD': 3). There were high expectations of this new Grand Coalition. However, the record of Chancellor Merkel especially with regard to welfare policies has been quite different than expected by the counterpart party. In "labour market policy, the government started to act upon the first comprehensive evaluation of the Hartz reforms and announced legislative adjustments of instruments that were perceived as either problematic or ineffective. In particular concerning unemployment insurance, a host of corrections of an earlier structural form, Hartz IV, were adopted" (Stiller 2009: 69).

In 2009 the SPD received one of its worst results in the history of federal elections. Some of the reasons why the SPD lost so many votes were policies such as Hartz IV, which became a synonym for poverty and the dismantling of the welfare state<sup>33</sup>. The Hartz reforms resulted in major cutbacks of social welfare benefits that provoked and irritated many voters. The effects of such policy changes could therefore be felt directly not only in the election results of the party, but also within the statistics of the country and the labour market.

Deregulation and temporary work actually decreased unemployment, but at the same time increased the inequality in income distribution. In the course of time work therefore started to change in its form, meaning and value. It therefore had to become a political priority for Germany as well as the UK to not just reduce

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<sup>32</sup> Source: Warum Schröder Neuwahlen wollte (20.12.2005): <http://www.spiegel.de/politik/deutschland/rot-gruen-warum-schroeder-neuwahlen-wollte-a-391438.html>, (retrieved: 8.4.2017)

<sup>33</sup> Refer to: Gaskarth, Glyn (2014): The Hartz reforms ... and their lessons for the UK. Social welfare at the British Library. Centre for Policy Studies, p.42.

unemployment, but to objectively study the changing nature of work in order to ensure that appropriate measures of adaptation and reform were defined and applied. 'Make work pay' was the main aim of the Labour Market Policies under Blair and Schröder. The labour market reform goals were therefore very similar for both countries, but in the end they turned out quite differently. The next sections will explain in more detail why this was the case.

### **2.3. SUMMARY OF CRITICAL JUNCTIONS OF THE TWO PARTIES**

Until the 1970s, social democracy prospered in the aftermath of the industrial revolution, the Second World War and the post-war economic boom. The years 1967 until 1973 can be seen as the golden years of social democracy in Germany. But in 1973 the traditional vision of social democracy began to crumble. This was mainly due to the oil crisis which affected the global economy (Walter 2010: 7-9). Politically the SPD lost ground. Social democrats felt confused and lost their identity (Walter 2010: 17). Klaus Dörre (1999) states that due to globalization the balance between economy and politics is shifting. Therefore, European social democrats need to adjust the welfare state to the new and open world markets.

9 November 1989, the fall of the Berlin wall, can be seen as the symbolic end of communism within Europe. This year was the most significant year in the history of Europe since the Second World War. It was another external dimension that affected social democratic parties because suddenly the old identity of the European welfare state was lost in the wake of the collapse of communism. Social democratic parties all over Europe were in transition, trying to find a new way to act 'socially' under the new trend of the voters of modern Europe. With the end of the 'classical' socialism there was a need for a new programmatic belief for the social democrats.

The heuristic analysis results, as mentioned in Chapter 1.3, include documents like primary and secondary historical data such as newspaper and journal articles, policy drafts, programme manifestos, expert and political speeches delivered by Schröder and Blair. These are summarized in a network diagram below and attached in bigger format. The network diagram below shows the interconnections of the main characters within the historical period from 1990 to 2010 and therefore provides a thorough analysis of the critical junctions of the two mentioned politicians (see also in DIN A4 format in Appendix VI).

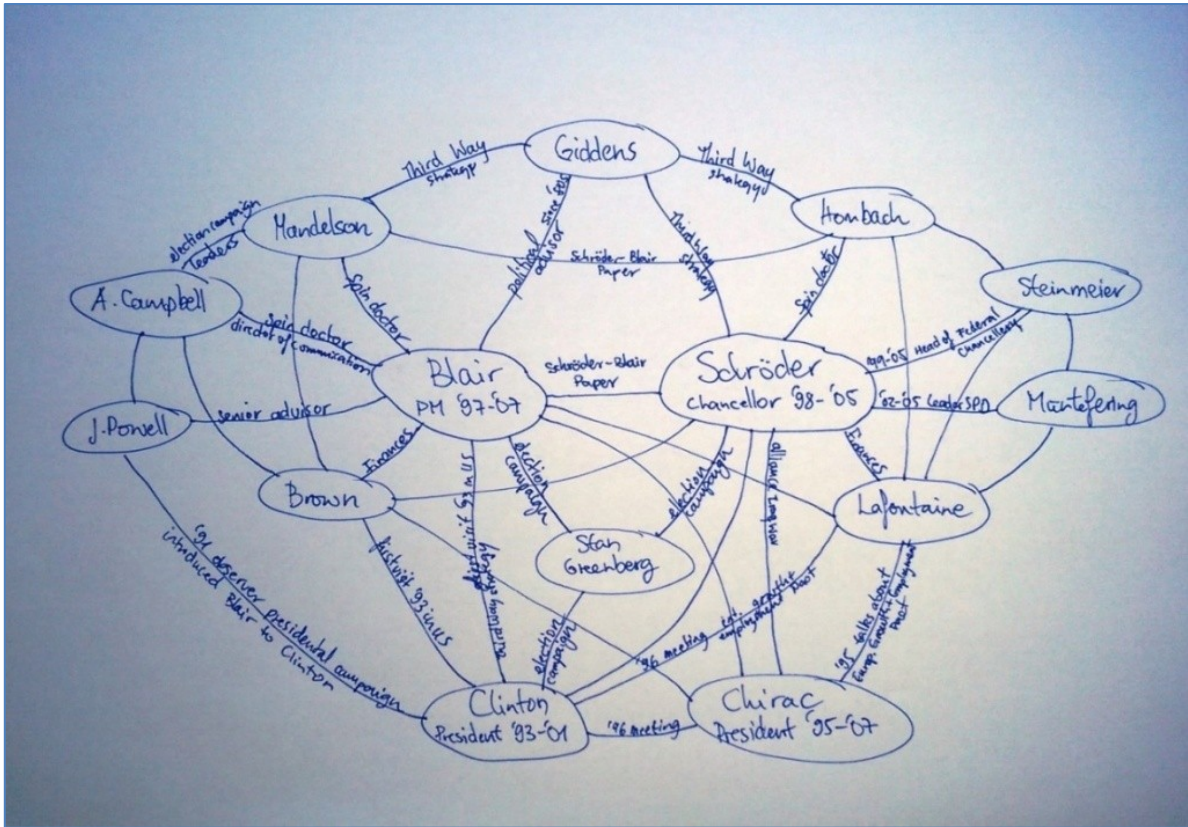


Figure 8: Network diagram of main characters, Time period 1990-2010 (own figure)

With regard to British and German social politics it became obvious that there was a need for change in both countries starting with the beginning of the 1990s. A pioneer for socio- political and economic change was Bill Clinton in the US. For decades the relationship between the US and the UK had been a very special one<sup>34</sup>. Thatcher especially had a very good and important relationship with US president Ronald Reagan that was hugely valuable to Britain. In 1982 the Falklands war marked a new strand in the Thatcher approach as she felt that the issue was a “test of Britain reputation in the world and that she aimed specifically to avoid a major setback once again of a western democracy in the eyes of the totalitarian east and the Soviet Union. Reinforced by her deepening sense of partnership with the Reagan Administration, Mrs Thatcher was increasingly inclined after 1983 to travel and to speak for the western world” (Clarke 1992: 232).

Therefore, Margaret Thatcher and Ronald Reagan had close bonds, while the relationship between the US and the UK suffered a little under the leadership of John Major. Blair and Brown started to revive the close bonds to the US by travelling to the US in January 1993 to examine the US election campaign strategy by visiting

<sup>34</sup> Refer to: Wallace, William and Philips, Christopher (3 March 2009): Reassessing the special relationship. Blackwell Publishing.

Clinton's transition team. Tony Blair "came into office declaring [his] intention to place Britain 'at the heart of Europe' while also attempting to maintain what he saw as a 'special relationship' with the United States (Wallace/Oliver 2005: 152). Especially the "concept of the 'Third Way' was an important ideological bond between the two leaders, while Clinton's interest in resolving the Northern Ireland conflict further drew the two administrations together" (Kargbo 2006: 143).

The election campaign strategies as well as the political views of the Clinton administration became later a model for New Labour. After they won the 1997 election many key advisors to Tony Blair and Gordon Brown, like David Miliband, Ed Balls and Geoff Mulgan had studied in the US and therefore implemented some of the views and strategies of the American new social politics. An example is the 'Working Family Tax Credit' (see also Chapter 2, p. 55 and 56, as well Chapter 5.1) which was "directly modelled on that of the US's Earned Income Tax Credit. Furthermore, the policy themes enunciated by Clinton during his visits to Britain while the Conservatives were in power have reappeared in New Labour's so called 'war on social exclusion' (c.f. Rachman in Kargbo 2006: 144).

While Clinton's political strategies, including the ideologies of Giddens's 'Third Way' had been a model for Tony Blair and his spin doctors<sup>35</sup> Peter Mandelson, Alistair Campbell and Jonathan Powell (who by the way also observed Clinton's presidential campaign in 1991 and introduced Clinton to Blair), the same can be said for Gerhard Schröder and his election campaign team, especially his spin doctor Bodo Hombach. One person that steered the election campaign of all three and acted as an advisor was Stan Greenberg. Greenberg is an American election campaign manager with a special focus on strategic political planning. Very famous became the so called 'war room'- the campaign headquarters in the US, as well as in the UK and Germany, and the British 'pledge card' or the German 'guarantee card'<sup>36</sup>.

Getting in power and staying in power was a big issue for both the Labour Party under Tony Blair as well as the SPD under Gerhard Schröder. Since both parties had been in opposition for such a long time the power of the leader of the party was very strong. Both, Prime Minister Blair, as well as Chancellor Schröder could in the beginning of their governance convince both wings (the left wing as well

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<sup>35</sup> A spin- doctor (German: 'Strippenzieher') is a person responsible for public relations, in particular in politics.

<sup>36</sup> During the British 1997, as well as the 1998 German election campaign, a paper pledge card with specific pledges was issued and detailed in the election manifestos and given out to people.

as right- wing members of their party- all mainly very young and inexperienced politicians) to follow their political tactic (see also Expert 7: 13:45 min). In comparison though to Germany, "UK politics are structured in such a way that there is a lot of autonomy for the leader. This started all with Thatcher who strengthened the power for the prime minister, which in the outcome has a direct effect on decision making processes" (Expert 7: 25:36). Minkin called Blair "the Leader with the greatest managerial powers in Labour history" (Minkin, 2014: 681).

Brivati and Bale summarize in their book about "New Labour in Power: Precedents and Prospects" that Blair had actually "managed to stave off the adoption of an up-to-date procedure for removing the party leader, far from making his own position more secure". This eventually led to the fact, that Blair was "forced by a distrustful parliamentary party to step down at a time which was not of his own choosing. Minkin shows that, overall, Blair never managed to establish a complete "supremacy" over the party and that he faced constant and often efficient resistance from the PLP, the unions and the CLPs. In fact, according to Philip Cowley (2007), parliamentary rebellions were a direct result of Blair's autocratic style of leadership. The New Labour example shows that a command and control approach is likely to generate powerful countermovements" (Brivati/Bale 1997: 11). The similar accounts for the German party leader, like Chancellor Schröder, who must, according to the party researcher Peter Lösche, " talk, explain, convince, argue, integrate, create majorities, forge coalitions, find compromises and establish consensus [and] must also be able to enforce his will against resistance" (Lösche 2005: 347et. seq.). "Schröder's relationship with his party, on the other hand, was ambiguous [...] All that Schröder achieved in politics with the help of the SPD, he ultimately achieved against the majority of the party base [which has eventually] caused enormous damage on his party" (Lösche 2005: 449).

After both leaders came into power in 1997 and 1998 Tony Blair and Gerhard Schröder combined their power and political strategies (including Giddens's 'Third Way') and published, shortly before the election for the European Parliament their new European Social Democratic concept, the so called Schröder- Blair paper of 1999. Even though the ideas in this paper refer to Schröder and Blair, it was actually written by Peter Mandelson and Bodo Hombach, the two spin doctors that wanted to push forward the 'Third Way' ideologies of Anthony Giddens. The presented Third

Way that was first conceived by Anthony Giddens (1998) was a theory that sought to modernize social democracy within Europe.

The paper represented the willingness of both politicians to work in similar directions to reform the existing welfare state system (Clasen/Siegel 2007: 4). This new philosophy or doctrine was called the Third Way- which was to act in a way that was neither liberal capitalistic (First Way), not socialistic (Second Way), but rather acting up to date by combining the positive aspects of both systems in politics, the market and society. Even though they were armed with this theory, Blair and Schröder eventually failed to transform social democratic thinking. The Third Way could have therefore been a chance for the Social Democratic parties to newly position themselves within Europe, but in retrospect the parties lost contact with both their members and followers. The new middle- class which was supposed to benefit from the new Social Democratic politics felt left behind (Walter 2010: 56-57; 130). The next section 2.4 shows in detail the specific British and German labour market policies introduced and implemented by Blair and Schröder.

#### **2.4. BRITISH AND GERMAN LABOUR MARKET POLICIES COMPARED**

The historical, political, societal, economic and institutional background of Germany and the UK are very different. Before Tony Blair came in power in 1997 Margaret Thatcher had changed the country thoroughly, in such a way that the 'Old Labour' Party eventually changed to 'New Labour' and successfully won the elections in 1997. Germany on the other hand got united in 1990 and Kohl, after being 16 years in power had come to a point where he was no longer able to guide the newly created German society. A new generation of people who wanted someone younger and more dynamic than Kohl were expecting a change. The decades before the 1990s had produced a new form of politics; economy and society that now needed new progressive and innovative leaders open to radical reforms. That was the so called 'tipping point' for the change of attitude towards the welfare state. The effects of these changes can only be experienced when they are decided upon and implemented.

For Germany the transformation of the planned economy in the former German Democratic Republic into a (social) market economy at the beginning of the 1990s ended in massive cutting of jobs. These events caused liberal and conservative political parties, representatives of business and economic associations

and market-oriented academics to query the concept of centralised collective agreements and raised the question of Germany as a 'business location' in the public debate. They argued that the German economy was not competitive enough, wages and non-wage costs were too high, operating time of machines too short, the fiscal burden too high for business and that the state interfered too much in the free market (Küster 2007: 137). More and more people became excluded from the labour market, which eventually hurt the economy as well as the society.

In the UK, it was especially youth unemployment that was very high. From this point of view, the battle against youth unemployment was of great importance, and the employment sector had to offer more flexibility and efficiency. Tony Blair eventually profited from some of the decisions that Thatcher took in a way that he had the financial backup (c.f. windfall tax in this work p.141 and p.149) for his social reforms during the mid- 1990s.

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**Figure 9: Youth unemployment in UK in %, source: [www.economicshelp.org/ONS](http://www.economicshelp.org/ONS) - YBVQ**

Blair took over a country which had already experienced radical changes under Thatcher, and when he came into power it was easier for him to right away implement a new form of welfare state system, while Schröder on the other hand still had to deal in 1998 with the consequences of German unification. Furthermore, the crisis in Kosovo as well as other important European political events, and the impact of 9/11 prevented him from making radical reforms. This is why it took until 22 February 2002 for Schröder to convene the Hartz Commission until 2003 and to launch the radical Agenda 2010. The following social policies, but especially the relevant labour market policies influenced the radical changes within the welfare state system of Germany and the UK.

Year	Germany	Year	UK
1995	Nursing Care Insurance	1996	Jobseekers' Allowance
1993/2004/2007	Health Insurance Reforms	1997	Excellence in Schools White Paper
1992/2001/2007	Pension Insurance Reforms (Riester)	1997	The New NHS: Modern and Dependable
		1998	Teaching and Higher Education Act
2000	Changes to the Employment Promotion Law (SGB III)	1998	Begin of major Labour Market Reform: New Deal Programs
2002	Job-AQTIV Law	1998	National Minimum Wage
2003	Begin of major Labour Market Reforms (Agenda 2010): Hartz I and Hartz II	1999	Working Family Tax Credit
2004	Hartz III	2000	NHS Plan
2005	Hartz IV	2002	Jobcentre Plus (JCP)

**Table 10: Relevant social and labour market policies in Germany and UK from 1990-2010 (own table)**

The activating and active labour market policies<sup>37</sup> under Schröder and Blair were mainly designed to reduce high unemployment rates and to get benefit recipients into work. The benefit systems, labour market institutions and active labour market policies still differ greatly in their scope and intensity depending on their different institutional settings and historical and political background. The next two sections focus specifically on the British and German labour market reforms.

#### **2.4.1. BRITISH LABOUR MARKET REFORMS**

The activating labour market policies in the UK, first partly introduced by the Conservatives and continued by the Labour government were put in place in the late 1980s and subsequently much refined and extended in the mid-1990s had a positive

<sup>37</sup> Compare history of these concepts in the OECD 1994 Jobs Strategy (1996: 7 ff.): This study includes the following recommendations: "The basic rationale for active labour market policies (ALMPs) is the widely accepted principle that it is preferable to help the unemployed get back to work rather than just provide them with income support and thereby risk prolonging unemployment". Therefore, one could speak of 'activating' measures.



effect on the development of unemployment until the end of 2010. Labour's acknowledgement of the existence of poverty during the 1990s and its adoption of strategies to tackle child poverty and unemployment were important achievements. The government started to implement many major welfare reforms during their first term in government, but neglected their commitments during their second half of governance due to 9/11 and Blair's cooperation with the US President George W. Bush and the "war on terror" in the Iraq.

The whole system change started with the introduction of the Jobseekers' Allowance (JSA) in 1996 which replaced the unemployment benefit system with a flat-rate benefit system which would only be paid for six months. It replaced the existing system of unemployment benefits and income support. The intended effects were to encourage benefit claimants to look for work rather than use the availability of benefits. The reorganisation of the British welfare state also included the improvement of the NHS by shifting the balance of power and offering more services by increasing the provision of choice (service, facilities and treatment) and making the health sector more responsive to the needs and wishes<sup>38</sup> of patients. Therefore, the traditional pattern of the NHS was altered. A public- private supply mix increased competition, as well as the quality and speed of service provided (c.f. Laura Brereton and Vilashiny Vasoodaven Feb 2010: The impact of the NHS market: 6: 11-12). At the same time this development showed that the state had no longer to be the sole supplier but would rather act as an enabler within this system. This shift in responsibility and the production of welfare which affected both the British, as well as the German welfare state was radical and has changed since then the attitude of the Labour and Social Democratic Party of Germany towards the basic values of the welfare state.

Blair introduced in 1998 the 'New Deal Programmes' which were targeted at youth, long-term unemployed aged 25-49, lone parents, older workers and the disabled to help them get back to work. This was accompanied by a series of changes to the tax and benefit system, the introduction of the national minimum wage in 1999, and a new operating agency called Jobcentre Plus (JCP) in 2002. Martin (2014: 25) concludes that

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<sup>38</sup> See for example the following reform acts under New Labour: See for example the following reform acts under New Labour: Excellence in Schools White Paper 1997, The New NHS: Modern and Dependable 1997, The NHS Plan 2000, etc.

“the aim of these changes was to ‘make work pay’, i.e. to ensure that moving off an inactive benefit like JSA into work would lead to a financial gain for the individual and his family. Given the complexity of the design of the UK’s benefit system – benefits are flat-rate and means-tested with a variety of top-ups via cash benefits or tax credits; there are also earnings disregards by which benefits are withdrawn as work income increases – achieving this objective is very difficult and it can create so-called ‘poverty traps’ for certain groups. Be that as it may, these reforms did increase work incentives for many lone parents and there is no doubt that, when combined with the activation reforms, they accounted for part of the strong rise in lone-parent employment from almost 45% in 1997 to nearly 57% in 2009. But the tax credits proved very costly for the public purse and they worsened work incentives for many second earners in couple households”.

The establishment of the national minimum wage was a particularly important reform designed to counteract rising income inequality. According to Professor Adrian Sinfield (2001: 2-3) from the University of Edinburgh “the achievement of the low pay network in getting minimum wages back on to the trade union and public agenda deserves full recognition. The minimum wage is a clear sign that the market has to meet certain standards to tackle deprivation in work and give some real meaning to ideas of ‘work-life balance’ and ‘family-friendly’ employment”.

In the area of workfare, a new mixed economy of welfare appeared that focused on the market and the third sector rather than on the state. The idea was that the private sector could do it better than the state sector. The New Deal for Young People (NDYP/1998) was one of the key parts of the New Labour government’s welfare to work strategy which aimed to help the young unemployed people into work and increase their employability.

This program offered a special Government Supported Training (GST) to get the young unemployed back to work. In a study on the long- term effects on this New Deal programme it was concluded that:

“young people were more likely to leave unemployment to go into this special GST and that the NDYP has reduced unemployment by 30-40,000 with a significant part of the impact coming from young people who no longer claim unemployment benefit for six months and hence do not qualify for NDYP. For those that did participate in the programme, the largest effect is an increase in the proportion of young people who left unemployment to go into GST” (Wilkinson 2003: 51).

The tightened eligibility criteria within the major labour market reforms of Schröder and Blair meant less freedom and more state control.

## 2.4.2. GERMAN LABOUR MARKET REFORMS

High and persistent unemployment rates forced the German government in the period from 2003-05 to implement far-reaching labour-market reforms. The so called Hartz reforms eventually constituted one of the most ambitious attempts to restructure the labour market of Germany. The first legislature period of Gerhard Schröder (1998-2002) did not show any fundamental structural changes (cf. Steingart 2004 in Meyer/Vorholt 2004: 29).

Unemployment could not be reduced and insecurity was rising. A consensus oriented style of politics, which is typical for Germany, always has to deal with veto players. If agreements and consensus cannot be achieved there are only two options: no reform, or the achievement of a radical reform from top- down with consensus. If the second solution is chosen this step has to be accompanied by public explanations on why this reform is taking place and inevitable. Schröder chose the second option with his Agenda 2010. He implemented it, but with no explanation as to why. The government therefore lacked certain communicative skills, as neither the necessity of Hartz I-IV was communicated to the people, especially not Hartz IV, nor did anyone declare why the Agenda 2010 was so important. All that was heard is that these concepts were very important, but not why.

The main goals of the Hartz reforms were to reduce unemployment. Schröder said very clearly in his governmental declaration (Regierungserklärung) on 14 March 2003<sup>39</sup> that “the services of the state will be cut, personal responsibility will be promoted and self- contribution from everyone needs to be demanded”. The first three parts of the reform package offered new types of employment opportunities, introduced supplementary wage subsidies, and restructured the Federal Employment Agency. The Hartz IV reform was implemented in 2005 and resulted in a major cut in the unemployment benefits for the long-term unemployed.

The reorganisation of the German welfare state included stricter eligibility criteria, the shortening of entitlement periods, structural changes regarding new risks, and an increase administrative controlling (in form of certifications and accreditations), a partial- privatisation of pensions (in the form of the Riester

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<sup>39</sup> Regierungserklärung: [http://www.documentarchiv.de/brd/2003/rede\\_schroeder\\_03-14.html](http://www.documentarchiv.de/brd/2003/rede_schroeder_03-14.html), (retrieved: 7.5.2014)

pension<sup>40</sup>) and possible sanctions for those benefit recipients who did not follow the new forms of mean testing (in form of the Hartz- laws). This reorganisation also meant a shift towards a more liberal type of welfare regime.

An overall analysis of the Hartz reforms reveals that the reforms were quite successful in reducing unemployment (cf. Krebs and Scheffel 2013b). Unemployment did decrease with the labour market reforms under Schröder and Blair, but mainly at the expense of the worker in form of no tangible development of real wages, an increase in short- term contracts, as well as a decrease in the quality of work for the employers. The labour market reforms managed therefore to shift a significant number of people from unemployment into employment, but the unemployment rate is not an exclusive statistic for identifying how gains and losses are distributed across the population. Since the implementation of the reforms, the real GDP/capita has been growing, but the real wages almost have been kept at the same level since 1990, as seen in Figure 10.

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**Figure 10: Real wage and real GDP per Capita, Germany 1992-2011; Source: Statistisches Bundesamt (cf. Krebs/Scheffel 2013a)**

Furthermore, Krebs and Scheffel (2013a) argue in their article that

“a key to this interpretation lies in stock prices, which began to rise in March 2003, the same month that then-chancellor Gerhard Schröder announced the Agenda 2010, which ultimately led to the Hartz laws and other labour market reforms. Similar spectacular stock market increases are evident in the years subsequent to both the Thatcher reforms in the UK. Over the period 1995-2004, real German exports rose by more than 90%, while output grew by a paltry 20%. If there was a demand effect behind those exports, it was certainly offset by above average import growth – indeed, by more than 65%”.

The only problem is that the German government has missed the opportunity to amend and adapt the reforms since then, especially during the times when the economy was growing. Adaptations after the implementation of major reforms are

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<sup>40</sup> The Riestler pension is state-subsidised privately financed pension in Germany which idea is to compensate for a parallel reduction in the German statutory retirement insurance. The pension system has been introduced in 2002 by the former Minister of Labour and Social Affairs, Walter Riestler. The Riestler pension system uses government subsidies as an incentive for people to increase their state pension with an additional private pension.

indispensable. An adaptation does not generally mean a departure from the principles of the reform. Already during its reigning period Schröder said that the reforms of the Agenda 2010 should be constantly examined and possibly revised. The on-going discussions about the introduction of a minimum wage for example in Germany were postponed during the premiership of Schröder by most politicians, employer's associations and unions, due to fears that the introduction of the minimum wage would lead to the disappearance of jobs. Expert 1 refers to this the following way:

“During the times of Schröder many people were unemployed. One has to see politics always within the context of time, but after the Agenda 2010 was implemented it would have been the task of the SPD (during their time in coalition) to make adjustments to the Hartz system to continuously develop the reforms started by Schröder (40:25 min).

After 2005, the SPD was only the junior party of the Christian- Democratic Party (CDU) and, due to the popularity of Chancellor Merkel the SPD found it difficult to make any adjustments to welfare state policies. One proposals for adjustment by the SPD for example was in 2007. The suggestion was that elderly unemployed (over 45 years) should receive unemployment benefit (ALG I) for 15 months, from the age of 50 up to 24 months. According to the legal changes introduced under Schröder, the unemployed over 55 years of age are entitled to benefits for only 18 months. Although these only seemed to be small proposal for adjustments, it was the beginning for the party to start again a new discourse about what the SPD stands for. With the major social policy reforms under Schröder, the SPD has succeeded in supporting the modernization of Germany, but at the same time it has also led to the fact that the SPD is less and less an interest representative of workers. To find out how to get in contact again with its major supporters was the real task of the party after the Agenda 2010.

## **2.5. CONCLUSIONS**

This chapter summarized the history, milestones and critical junctions, including the most relevant labour market reforms of the two given parties. The labour market reforms were the most influencing reforms during the given time period. This is because the working sector changed dramatically during the 1990s, and unemployment in the UK and Germany was very high. The labour market policy reforms of Schröder and Blair reduced unemployment, but the tightened eligibility criteria within the reforms of Schröder and Blair meant less freedom for the citizens

and more state control. The reforms were mainly at the expense of the workers in the shape of a changed value of work and less quality of work. This review reveals that both the welfare state and social democratic parties have experienced great periods of transformation. Social democratic parties have been affected by many internal and external factors due to a change in their main political reasoning. For parties to survive and to be successful in an electoral process, they first of all need to adapt their inner structure to cultural, social, economic and political changes and actively react to the needs of the society (Kavanagh et al. 2006: 350-351). The main purpose of the next chapter will therefore be to highlight the particular changing political, economic and social dynamics these two parties went through from 1990 until 2010. In addition it will show how these changes eventually affected and changed the labour market and the definition, function and value of work, including the concept of justice and therefore made it inevitably for both parties to initiate and implement major reforms.

### 3. CHAPTER III: CHANGING DYNAMICS

The key part of this research is to examine the changing attitudes of the British Labour Party and the German Social Democratic Party towards the welfare state. The purpose of this chapter is therefore to acquire a complete and holistic picture of the changing political, economic and social dynamics these two parties went through from 1990 until 2010. The heuristic text analysis of the primary and secondary literature supported by relevant statements given by interviewed experts reveal major patterns of changes and a very specific political discourse over the course of time. The heuristic analysis results from this work, which include primary and secondary data such as historical documents and documentaries, newspaper and journal articles, as well as policy drafts are summarized in the network diagram below and attached in bigger format. This network diagram highlights the milestones of the changing dynamics in the period from 1990 to 2010 and shows important German, British, European and International events that actually influenced, interfered with and supported the politics of Tony Blair and Gerhard Schröder and finally supports the comparability of this analysis (see also Appendix V).

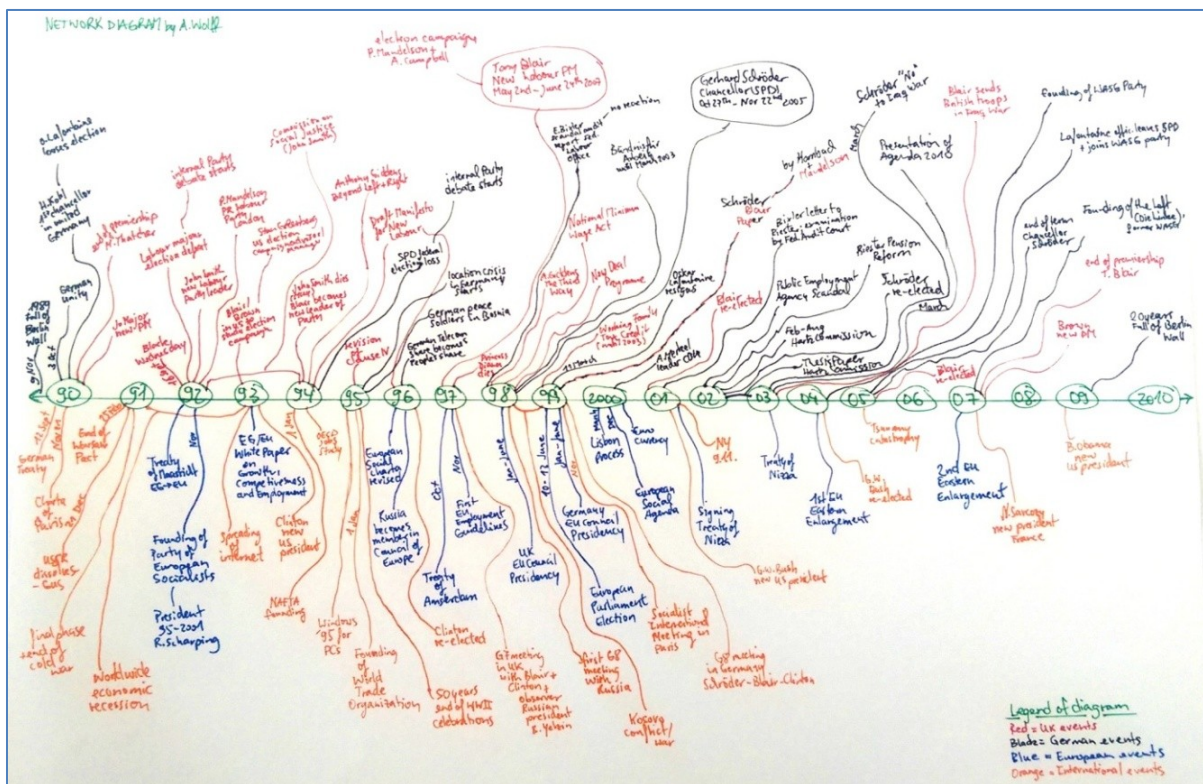


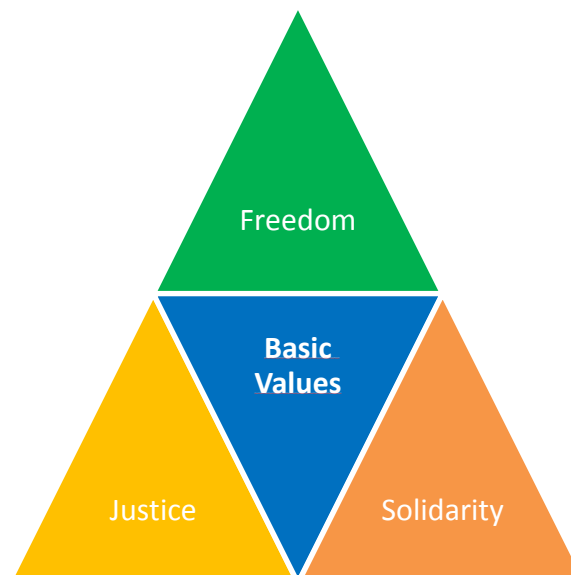
Figure 11: Network diagram of important events, time period 1990-2010 (own figure)

Placing politics in the context of time can greatly enrich our understanding of the complex social dynamics and the mechanism that led to the change in attitudes

of the SPD and the Labour Party towards the welfare state during the period from 1990 to 2010. The hypothesis of this work is that the social, political, technological and economic changes during the given time period radically challenged and changed the interpretation of the basic values, such as freedom, justice and solidarity of both welfare state regimes, specifically the interrelationship between the state, the market, households and the third sector.

### 3.1. THE BASIC VALUES OF SOCIAL DEMOCRACY

Freedom, justice and solidarity are the fundamental values for liberal, social and Christian democrats. These basic values have offered the British Labour Party as well as the Social Democratic Party of Germany goals and parameters for their political action for more than 100 years (Neumann 1980: 5).



**Figure 12: Basic social democratic values (own figure)**

Preserving these values is the task of the state, and explicitly the task of political parties. In general, values are “internalized behavioural standards, which are acquired from one person in the process of education or socialization and at the same time embedded in a specific cultural surrounding” (Hepp 1994: 4). Personal values, especially basic values such as freedom, justice and solidarity are therefore very important for “cognitive orientation and standards of individual acting” (ibid.: 4) and if they are missing they might lead to a loss of identity and meaning. A change in values can take many forms. The ranking of or relationships between values can change, or a specific value can acquire new guiding principles. Changes are in general long-term processes, but there can also be mid-range or short-term changes



(Hepp 1994: 8-9). These changes, in particular the extension of leisure time, changes within the professional world and the working world, the influence of the mass media, worldwide communication and changes within the economy and administration, “can trigger value changes in the subjective level of individuals who can consequently display a new form of life style” (ibid.: 10).

During the 1990s the attitude towards the welfare state that had existed until that time started to change. This chapter will elaborate in the following sections on the observable patterns and the mechanism that led to the change in attitudes towards the welfare state.

### **3.2. PATTERNS OF CHANGES**

To be able to examine adequately the questions of how and why attitudes towards the welfare state for both parties changed, the political contexts in which the social policies of Germany and United Kingdom are made must be outlined. Important differences between the countries can be noted.

By way of example, central-state interventions are very difficult in Germany on account of the federal construction in specific political spheres. Besides this, cooperation between the federal assembly and the federal parliament must often be brought about. These restrictive factors are not present in the United Kingdom. Here governments have

“a big power play to put through radical reform projects without an approval of the opposition and social veto players, so that one can also speak of a ‘*dictatorship on time*’. By contrast the structure of the political system in Germany forces governments to win the approval of different actors and to adopt a cooperative position, a position on the basis of which a compromise for smaller reform steps can be reached” (Mohr 2008: 77).

It was this aspect of the political system that made it possible for Tony Blair to present his

“New Labour politics as a coherent draft and to gradually implement it without any big opposition. Schröder and his government on the other hand had to fight against it with more and stronger veto players. Only the opening of a political ‘Window of Opportunity’ in the year 2002 (...) allowed him the implementation of far-reaching reforms” (Mohr 2008: 78).

Throughout the 1980s until the mid-1990s Germany and the UK were clustered in two very different welfare state models, but changes within the political, economic and social sphere within these two countries led to radical changes of

attitudes towards the welfare state. With the end of the Cold War, various governments around the world realized that something dramatic had happened. The battle between East and West (socialism vs. capitalism/democracy) that had ruled the political sphere for generations had dissolved. Furthermore, a new generation of politicians came to power. Most of them could no longer directly associate with the Second World War, since they had not yet been born or were young children at that time. Therefore, the basic notions of peace, democracy, justice and responsibility were more of a given for them than they were for the generation of politicians before them.

With the spreading and liberalization of markets, especially the internationalization of the finance markets, a new form of competition started up – economic competition for more growth and wealth. The neo-liberal reform discussions were focused on the reorganisation of nation states into market economies, which would be able to deal more efficiently with economic growth and employment and the so-called “endangered contestability of Germany’s industrial base” (Butterwegge 2005: 2). The European Commission published a White Paper in 1993 with the title ‘Growth, Competitiveness and Employment’ which focused on challenges and ways forward into the 21st century. Hassel and Hoffmann show in an analysis that the European Employment Act of the 1990s definitely influenced national wages and the social policies of the EU Member States (Hassel and Hoffmann 2000). Europe needed to grow faster and stronger not just politically, but also economically, to keep up with countries such as the United States and China.

In the United Kingdom the period from the end of the 1980s to the beginning of the 1990s was marked by the neoconservative government under Prime Minister Margaret Thatcher, who reconfigured the welfare policies passed by the Labour Party. She reduced the role of the state and strengthened the role of the market. This ‘rolling back of the state’ addressed modifications that aimed to steer the ‘mixed economy of welfare’ in a direction in which state protection was successively replaced by the market, as well as by the voluntary and informal sector (for instance, the third sector).

Thatcher fundamentally changed British society by transforming the country’s direction through privatisations, the deregulation of the market, restrictions on the activities of unions and an active alteration of the ‘old’ Beveridge welfare system.

Industrial sectors were shrinking and the service sector was growing (see Expert 3: 9:20 min), the city of Manchester is a microcosm of this deep structural change. Manchester, once the largest British working-class city, changed into the UK's third largest finance and service sector city with the greatest extremes in income diversity among people living together in this area (Expert 04: Intro; and Kruse 2008<sup>41</sup>).

These societal cleavages and extremes that developed under the politics of Thatcher, including the dramatic election loss of Labour in 1992, created a tipping point for a change in attitude of the Labour Party towards the welfare state. From this point on, the Labour Party transformed itself from a traditional socialist party into a modernized social democratic party. These so-called Third Way<sup>42</sup> politics also resulted in the removal of Clause IV (see also section 1.1.2), and set out the new aims and values of the party, and the transformation of the Party from 'Old Labour to New Labour' all under the guidance of Tony Blair. Labour had a new profile with which they wanted to reconstruct the welfare state. The Third Way Politics' were the basis for Blair's new political style, which resembled some of the basic ideas of Margaret Thatcher's political style, but at the same time Blair also wanted to regenerate and promote the ideas of social justice.

The period from 1990 to 2010 was a period of radical societal, economic and political change. The end of the Cold War, the dissolution of the Soviet Union and the unification of East and West Germany were followed by a trend of growing global financial markets and the concept of globalisation, the spreading of the internet and other technical innovations. These changes brought about the promotion of sustainable development after decades of extensive industrialisation and the rising complexity of politics (domestic/foreign/EU politics), wars and conflicts such as the first Iraq Gulf War and the Kosovo conflict. Issues such as the changing dynamics of social justice and changes within the concepts of work and employment were accompanied by debates about the competitiveness of countries as a business location, rising service sectors and low-wage jobs, etc. The following sections will highlight in more detail the observable patterns of changes.

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<sup>41</sup> (2.1.2008): Manchester – eine Stadt erfindet sich neu: Source: <http://www.welt.de/wirtschaft/article1509952/Manchester-eine-Stadt-erfindet-sich-neu.html>, (retrieved: 12.2.2015)

<sup>42</sup> See also Chapter 2 of this work

### 3.2.1. CHANGING DYNAMICS OF THE STATE/POLITICS

The change from liberalism to a 'hegemonic ideology' known as neo-liberalism coincided with the fall of the Berlin Wall. The end of the Cold War and the dissolution of the Soviet Union meant "the end of a political competition and at its place came into force the competition of goods"<sup>43</sup>. Francis Fukuyama (*The End of History and The Last Man*, 1992) called it the end of the competition between two competing political systems, communism and capitalism. He claimed that with the end of communism the socio-political counterweight was no longer needed. All that came was the idea of a competitive market and unconditional freedom.

The economisation of politics and the linking of politics with the economy through neo-liberal ideas increased the complexity of politics. On the one hand neo-liberalism promoted the idea of free government and was spreading with globalised markets; on the other hand, it supported the ideas of nation states and non-globalised politics. Many governments, such as the Clinton administration in the United States talked about a new direction for politics (State of the Union Address, 1993), claiming that the "global economy is taking shape before our eyes" and that the government was not able to take full responsibility for the changes that were to come. The relationship between the market, the state and society is subject to change and responsibilities need to be redistributed.

Just as there was a redistribution of responsibility, a new middle way for politics, a new way beyond left and right also needed to be found. These ideas were part of a progressive politics in the United States which advocated a return to citizenship, a new covenant that described a "social compact between the government and the citizen" (Clinton, 1991). This new style of government would offer more empowerment and less entitlement and expand opportunity and responsibility. Promoted in particular by the ideas of the famous British social theorist Anthony Giddens (*Beyond Left and Right*: 1994; *The Third Way*: 1998), this new way of politics that evolved out of the mixture of social democratic thinking and neo-liberal thinking in the 1990s was a middle way, the so-called Third Way. Giddens called it "a third way in the sense that it is an attempt to transcend both old-style social democracy and neo-liberalism" (1998: 26), which eventually had a major impact on social democracy and the development of the European welfare states, and led to

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<sup>43</sup> c.f. Schoepp, Sebastian 14/15/16 August 2015, *Hilfe, bin ich links?* Süddeutsche Zeitung, No.186

the rise and victory of social democratic governments/ 'left of centre' parties (in 13 out of 15 EU countries) at the end of the 20th century (Merkel 2000: 267/268).

A fact is though that there is not only one form of neo-liberalism; there are different schools of thought within it and there is a long history to it. In the United Kingdom it is mainly the so-called radical Anglo-Saxon neo-liberalism with the ideas of Milton Friedman, as compared with German neo-liberalism, which is known as 'ordoliberalism' and characterised by the social market economy of Walter Eucken. This form of neo-liberalism was needed, according to Michel Foucault (Foucault et al. 2010), after the Second World War. He argues that competition is not natural but must be created and maintained by social policy. The state must respect the market and implement active social policy and invest in human capital, for instance in a training and education system. Wilhelm Röpke, a German economist (1899-1966) summarized this idea in one sentence: "the market requires an active and extremely vigilant policy".

Therefore, the basic principle of the social market economy is that there is a need for rules and regulations, framework conditions that should be set and monitored by the state/government, but at the same time the state should not interfere in the market forces/competition (of companies and consumers). The liberal welfare system might be able to deal more flexibly with unemployment, but this would be at the expense of rising income inequality (Eppler 1998: 285). Therefore, many social security benefits or social services can be seen as solutions to possible 'market failures' [...] "that might not automatically be provided for in a satisfactory way by either the family or the market, such as education, child care, old-age care and health care" (Lindbeck 1994: 1).

Blair said that his ideas of the Third Way politics were a middle way between Marxist socialism and radical neo-liberalism. He said "my kind of socialism is a set of values based around the notions of social justice" (Hastings et al. 2000: 677), while Giddens claims that it is a new form of socialism that "removes the unjust elements of capitalism by providing social welfare and other policies" (1994: 71-72). In their 2004 book entitled 'Welfare State Change' Jane Lewis and Rebecca Surrender summarize their ideas about Third Way politics. According to these two authors, the politics of the Third Way were an "attempt by many contemporary social democrats to forge a new political settlement which is fitted to the conditions of a modern society and new

global economy, but which retains the goals of social cohesion and egalitarianism [...] It seeks to differentiate itself as distinct from the political ideologies of the New Right and Old Left” (Lewis/Surender 2004: 3). Though commonly linked to the US Democratic Party in the Clinton era, it can also be traced to the political discourse in European social democratic parties during the mid-1990s, most notably in Germany and the United Kingdom. In social policy terms, the model attempts to transcend the old alternatives of the state and the market. Instead the third sector, the government and the market are viewed as interdependent and equal partners in the provision of welfare, and the challenge for government is to create equilibrium between these three pillars. The individual is to be 'pushed' towards self-help and independent, active citizenship, while business and government must contribute to economic and social cohesion.

All of these Third Way ideologies and political strategies were summarized in the Schröder-Blair paper of 1999 (compare also Chapter 2, section 2.3). The Third Way tried to improve the prospects of ordinary workers, but the governments missed the opportunity to regulate capitalism in line with some version of morality (Döring 2007: 3). One of the basic principles of the Third Way politics was to promote the ideas of more personal responsibility and enable a new framework for civic involvement that could replace some of the social responsibilities of the state. However, can a state really impose civic commitment in a society that is characterised by decreasing solidarity and increasing individualism? The answer on this occasion was no since the trend towards greater flexibility in the labour market and higher expectations for employees in their private, professional and social lives imposed by the Third Way politics and the welfare policies under Schröder and Blair led to a “process of erosion of social relationships and bonds” (Bertram 2000: 308).

Why did this happen? The neo-liberal politics of the 1990s provide one explanation. Ulrich Beck writes that “globalisation is part of the neo-liberal ideology” (1997: 26). The other explanation was the Third Way politics promoted by the social democrats, especially Tony Blair and Gerhard Schröder. The effects that these politics had in combination with globalisation can be seen in form of policies and their effects upon society. The Third Way could therefore have been a chance for the social democratic parties to reposition themselves within Europe, but in retrospect the parties lost substantial contact with both party members and followers.

In Germany during the 1990s the majority of the federal states were governed by Social Democrats whilst the federal government was controlled by Christian Democrats, which resulted in political blockages, in which the interests of the federal states had predominance over the interests of the federal government. Welfare policies under Schröder and Blair can be associated with active crisis management, which tried not to change the welfare state in itself but rather focus on the 'victims' (the unemployed, single parents, disabled people and the elderly) of a state and market that, as the Third Way politics was emerging, were only really concerned about the economy and economic growth. In the 1990s and at the beginning of the 21st century, economic growth was seen as the most promising approach for dealing with unemployment and other factors associated with globalisation. The influence of neo-liberal politics led to a retreat of the public authorities and the state within the welfare sector and Third Way politics mostly went along with these new principles. This 'economisation' of politics "deconstructs political spheres and withdraws the basis of democratic action" (Zeuner 1997: 30). Eppler (1998: 181-182) emphasized this by saying that "unemployment was not recognised as a separate but rather a deduced problem of economic growth [...] there is no programme against unemployment, there is only one 'for growth and employment'". In other words, within politics there should be a focus on the topic of employment rather than unemployment.

Welfare policies, or more generally the relationship between the state, the market, households and the third sector was radically changing in the period between 1990 and 2010. Politics and welfare policy became more and more complex since specific policy areas became more diverse and interconnected. Societal change increased the number of potential 'outsiders' within the welfare system. Two examples exemplify this. The changing definition of work and the changing employment sector led to changes within households, including family structures. The move towards gender neutrality opened the door for women to move into the labour force more easily, while children and older people were cared for by the state or other civil service organisations. This tendency towards women and men being active in the workforce changed the whole structure of social policy-making.

### **3.2.1.1. SUMMARY**

Neo-liberalism promoted new forms of freedom, a new belief in the value of community, a new commitment to equality of opportunity and a new emphasis of responsibilities within the economy. The Third Way politics were an attempt by the social democrats in Europe to implement these new economic ideals and to reposition themselves. After 9/11 in New York and the beginning of the 'war against terror' the focus on these ideas and the promotion of the Third Way strategy began to dissolve and these forms of politics became more and more the subject of criticism. Tony Blair himself admitted later on, that he, as the main promoter of the Third Way had to, after 9/11 spend so much of his work on foreign affairs that some of the domestic issues (involving Third Way ideologies) had to be left behind<sup>44</sup>.

### **3.2.2. CHANGING DYNAMICS OF THE ECONOMY/MARKET**

The liberalisation of the financial markets and the introduction of fixed exchange rates in the mid-1970s, led to radical change in the capital markets (Butterwegge et al. 2008: 84). Neo-liberal politics, the deregulation, liberalisation, flexibility and privatization of the market, created a new relationship between the state/government and the market. Responsibilities were shifted and the definition of work changed.

The growing importance of the market in the 1980s and 1990s in the United Kingdom under Prime Minister Margaret Thatcher and John Major, and in Germany under Chancellor Helmut Kohl dealt with large waves of privatisation supported by the Maastricht Treaty in 1992 (Butterwegge et al. 2008: 105). Privatization and deregulation were often parts of a broader set of reforms to improve economic efficiency and reflect on the individual countries' circumstances. The so far social democratic political model focused on the general wellbeing of the population through full employment and redistributive principles of taxation and welfare. In line with the neoliberal model, the Maastricht ideas introduced and applied monetarist control of inflation and imposed limits on government public spending. Shortly after the ratification of the treaty John Major's government introduced the Private Finance Initiative (PFI) that meant that public spending was reduced and governments turned

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<sup>44</sup> The Economist: "What I have learned", June 2nd 2007.



to private investment of infrastructure. That was the beginning and rise of public-private partnerships<sup>45</sup>.

These modifications dramatically changed the power axis between the state, the market and society and suddenly demanded individual performance, while at the same time this economisation of politics changed the concept of social justice. The retreat of the state from the social sector and the growing privatisation of social services led to a shift in responsibility towards the individual and the third sector. In this way, the market put a lot of effort into the individualisation of the citizen/consumer and consequently into separating the society.

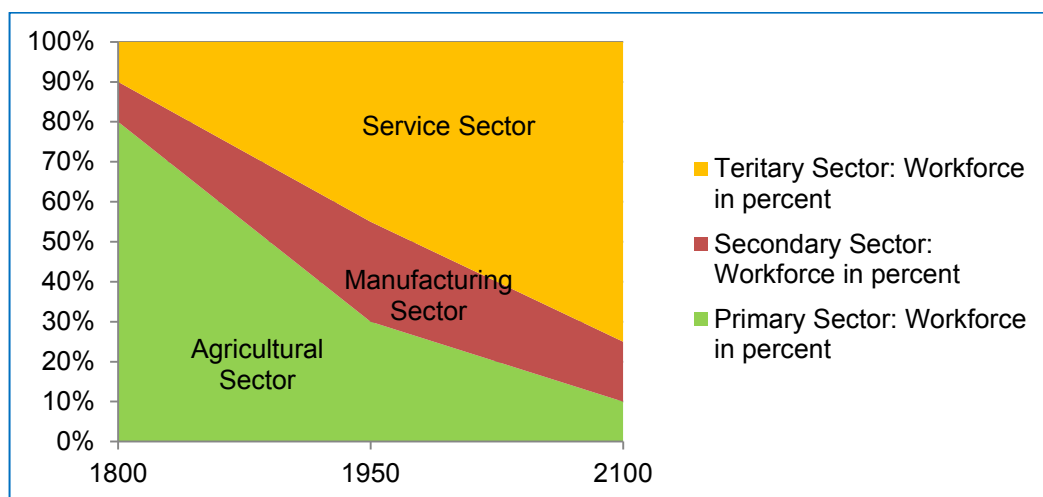
As Bodo Zeuner (in Eppler 1998: 191) states: “the market is an economic principle of regulation, which has nothing to do with democracy”. The market cannot be a substitute for a state, and a state cannot live without the market. However, if politics, and with it political parties, becomes suppressed by the market, it can no longer constitute the democratic bridge between the state and society. Michael Vester (1997: 199) also claims that solidarity within a society can only be promoted politically. It is therefore extremely important to find a good balance between all welfare providers since they are all interdependent. Conservatives often referred to the ‘old’ welfare system as a ‘welfare trap’ and wanted to dismantle the welfare state by referring to examples of welfare fraud. The Third Way politics (see also Introduction, p.3 in this work) created a new relationship between the state/government, the market, the third sector and households.

In his book entitled ‘Can we afford the welfare state’ (1995), Gareth Jenkins argues that the welfare state has reached a turning point. It is in crisis because of rising, accomplishable demands. We can no longer afford the ‘generous’ state benefits which post-war welfarism took as its starting point. As the UK Department of Social Security put it in 1993, spending may “outstrip the nation's ability to pay”. The social democratic parties basically knew that if they wanted to preserve something, such as the existing welfare state, that they also needed to change and adapt (Berliner Programme 1989: 5). The only question was how to adapt in order to actually preserve what was important.

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<sup>45</sup> See also: <http://www.independent.co.uk/news/world/europe/maastricht-treaty-25-years-european-dream-trade-echr-neoliberal-a7388796.html>

With the beginning of post industrialization (the shift from the secondary to the tertiary sector) incomes continued to rise and people demanded more services in the areas of health, education and other social services. This growth of the service sector therefore signified a radical change in the employment and wage structures of these countries. The proliferation of information technology, in accordance with the Third Way, has led to declining demand for unskilled workers, whose job opportunities and wages have therefore also declined, whilst those with high skills or education can command a premium income (Giddens 2001: 183). On the one hand, the services sector meant that states needed to reform their educational system and invest more in education and human capital; on the other hand, this new sector also introduced new job sectors with very different wage systems, which created even more inequalities in income.



**Figure 13: Rising service sector, Source: <http://data.worldbank.org> (own figure)**

The above figure shows that the distribution of the workforce in Europe is traditionally classified into three sectors<sup>46</sup>: the agricultural sector includes fishing and forestry, the manufacturing/ industrial sector includes mining and construction, and the service sector stands for all activities not included in the other two sectors. The graph shows the distribution of the workforce in agriculture, industry and services from 1800 to the present. In 1800 roughly 80 percent of the workforce was in the agricultural sector, which fell to about 30 percent in 1950 with the rise of industrialization. At the same time the service sector started to spread and has today overgrown the manufacturing and agricultural sector.

<sup>46</sup> This three- sector theory was developed by Allan Fisher, Colin Clar and Jean Fourastié.

With these changes in the employment sectors and its workforce there was an urgent need to reform the welfare state, in some ways by retrenchment, in other ways by a reorganisation of the system. Germany is, as shown in the introduction of this work a traditional conservative/corporatist welfare state (Esping-Andersen 1990), something which goes back to the times of Bismarck. The paternalistic programmes of old-age pensions, medical care and accident insurance were officially designed to forestall social unrest in the newly industrialized areas of Germany. Within the conservative system, traditional role models are protected and differences between social classes are maintained. Social insurance was set up to reward status and work performance. Also, with the growth of the service sector more women started to move into the labour market. Furthermore, the rate of decommodification, which is the “degree to which individuals or families can uphold socially acceptable standards of living independently of market participation” (Esping-Andersen 1990: 35) was becoming smaller. In order to keep a standard rate of decommodification, the European welfare states needed to find out what kind of social security they wanted and how it could be ‘restructured’.

A first form of adjustment took place at the beginning of the 1980s and then later also at the beginning of the 1990s when social services were cut, individual taxpayers’ social contributions were increased and the pension insurance system was reformed on account of demographic changes. For decades the welfare state was built upon the state being responsible for ‘social justice’. From the beginning of the 1970s until the beginning of the 1990s, neo-liberal ideas and politics started to transform welfare states by reducing welfare support, especially what was provided by the state.

The effects of globalisation in combination with the neo-liberal politics during the 1980s and 1990s were quite complex. Technical innovation, such as new media, the internationalisation of the financial markets and the spreading of international production and trade, set new conditions for the local economy. Globalisation in that sense was nothing surprising, but in combination with the end of the Cold War it opened up many newer opportunities. The Paris Charta of 21 November 1990 was a fundamental international agreement for a new form of peace in Europe and reunified Germany which provided the Eastern bloc countries with the option to adopt the ideological framework of the West. Therefore, new conditions were set for the production and exchange of goods and services, which increased the competition of

the market. The liberalised world markets and the welfare-to-work programmes within Germany and the United Kingdom had very distinct effects on work. The quality of work deteriorated, part-time jobs and service sector jobs with low wages started to increase and income inequality started to rise. In Germany for example 3 million jobs were rationalized away by 1989 (Keim/Steffens 2000: 119) and by 1998 40.4% employees worked in the service sector (ibid.: 148).

A global competition for location took place and the battle for lower levels of non-wage labour costs started. Globalisation in that sense is neither good nor bad. What counts is what people, or especially politicians, make out of it. In contrast, Erhard Eppler, a veteran SPD politician, emphasized that politics that intended to minimize unemployment “can only start when we stop expecting the elimination of unemployment through economic growth” (1998: 188).

The issue of economic growth versus the financial crisis of the welfare state was on the politicians’ agenda almost every day. Thomas Piketty (2013) summarizes very clearly in his book ‘The capital of the 21st century’ that the unequal distribution of capital is a danger for democracy, and Joseph Stiglitz goes even further by stating that

“we have created a society, in which materialism is more important than moral bondage, in which the growth, that we have achieved is neither ecologically sustainable nor in the long run socially sustainable, in which we do not act as a society to satisfy common needs, especially because of a radical individualism and market fundamentalism which undercuts any sense of community, which leads to a ruthless exploitation of careless and unprotected people to a steady growing social division” (Stiglitz 2011: Chapter 10).

The financial crisis of the state was therefore political and not economic (Eppler 1998: 140). This imposition of economics over everything through the neo-liberal ideas explains the interconnection between economics and politics. This interconnection is achieved through taxes and duties which, whether intended or not, have a direct effect on the economy and society. This penetrating economic focus challenges society, the environment and the state. Harvey (1993: 18) states that “the economic system causes ecological damage which as a ‘market failure’ becomes the responsibility of the state”. In the end, the Third Way style of governance, which was promoted and stipulated by the German Social Democratic Party and British Labour Party sought to find a synthesis between neo-liberal right-wing economics and left-wing social policies, but failed to set any kind of boundaries.

### **3.2.2.1. SUMMARY**

The new and all-pervading focus on the flexibility of the markets and the employment sector radically challenged and changed the world of work and endorsed forms of individualism. The service sector outgrew the manufacturing sector, while privatisation within the social sector started to spread thanks to the retreat of the state in this area. Furthermore, workers were turned into 'human capital' which meant that materialism started to count more than personal interconnections.

### **3.2.3. CHANGING DYNAMICS OF THE SOCIETY/CITIZENS**

It can be said that the 1990s witnessed an upswing in democracy, freedom and economics, and the need to find a middle way between capitalism and socialism. In the newly united Germany, the welfare state system in the western part was transposed to the former communist East. This transfer led to many difficulties and blockages within the transformation of the welfare state due to different cultural and societal foundations (Becker 1994: 43).

The radical social changes in both Germany and the UK were heightened by the rise of the internet in the mid-1990s and the mass mobilization of capital markets through neo-liberal politics, and the liberalisation of the market changed the definition of work and the role of individuals, citizens, families, households and the third sector (Butterwegge et al. 2008: 83). The basic values of freedom, justice and solidarity were challenged, and responsibilities shifted towards the individual and the third sector by transforming citizens into consumers, promoting the illusion of choice. This was a fundamental shift in the concept of the society.

As soon as citizens had become consumers, they were shaped into self-sufficient market actors that had to look after themselves. Solidarity and a sense of responsibility go hand in hand and they are something that make people stand up for one another. The value of solidarity can be measured by means of work. Work in this sense is social action and essentially aimed at fellow human beings as exchange and cooperation partners. An expression of this cooperative structure is the attitude towards solidarity. In the working world, people experience their mutual dependency on each other. The increase in individualism eventually increased notions of competition and led to a reduction of cooperative work, the standing up for each other. Individualism replaced forms of solidarity, a concept which stands for the cohesion of the society. The promotion of individualism undermined the sense of

community (Putnam 1995) and enhanced ideas of a society of growth or risk society (c.f. Beck 1986; Eppler 1998: 216). Moreover “solidarity should not just be defined through the view of the aid recipients, but should also be understood through the perspective of the giver” (Becker 1994: 12). In other words, the role of the state in social protection, and traditional notions of social solidarity had to adapt to the current policies that were designed to bring about a greater mix of welfare providers.

This shift within society also meant a shift in the concept of social cohesion and solidarity, and had a direct effect upon the third sector. Many social responsibilities within the family that were usually done by women (caring for children, the elderly, sick or disabled, etc.) were mainly taken over, during the 1980s and 1990s, by the third sector. Beck (1993: 156) claims that within a risk society, politics starts to move towards ‘sub-politics’, such as the third sector. Therefore, the third sector is also very political and plays an important role in stabilizing a welfare system.

“On 1 January 1993 the European Single Market legally replaced the monopoly of classical welfare organisations (within the third sector) and opened up the market for all social welfare providers, especially many more private providers” (Becker 1994: 12). This shift promoted the emancipation of women and saw them moving more and more into the workforce. The overall relationship between the state and the society was changing and needed a new definition. The term ‘Zivilgesellschaft’ eventually replaced the Third Way ideologies at the beginning of the 2000s and became the new focus of the debate on the modernisation of the welfare state. This new overall theme “combined the political fields of economic growth, political freedom and social cohesion in times of globalisation” (Wolfrum 2013: 200).

Since the beginning of the 1990s the EU has demanded from member states to develop welfare systems that moderate the negative effects of markets on the one hand, and enhance the efficiency of market performance on the other. This was especially necessary due to the new regulations regarding the free movement of workers within the EU labour market. At the same time this free movement of workers made it necessary to create new rules and regulations to officially integrate them into the labour market in all participating member states.

Although unemployment fell in most of the European Union countries in the second half of the 1980s, in 1990 it started to rise again (see also unemployment statistics in Chapter 1 and Chapter 2). Throughout the 1990s unemployment reached new heights in the UK and Germany and therefore played a central role in policy-makers' agendas. The roots of the EU strategy regarding labour market policies can be traced back to the publication of a new strategy for cooperation for growth and employment in 1992, and the subsequent White Paper on 'Growth, Competitiveness and Employment' (see also section 3.2). The Amsterdam Treaty of 1997 set out recommendations upon which member states were required to act on regards of the labour market, while a special jobs summit in Luxembourg at the end of 1997 developed the first set of employment guidelines. Michaud (2004: 1 et seq.) states that the EU was conscious not only that basic unemployment, but also structural unemployment was high. This was symptomatic of an insufficient ability to adapt to change. Moreover, although an employment strategy implies a focus upon policies concerned with labour, the EU recognised that the achievement of flexibility had been hindered by the instability of the macroeconomic environment and inappropriate macroeconomic policies.

Casey summarizes that tax and social security systems, as well as unemployment and related compensation systems, may generate disincentives to work. Thus these kinds of systems have to be more 'employment friendly' all over Europe. Member states need to focus on reforms of their benefit and tax systems, as well as reduce possible poverty traps (Casey 2002).

What effects did the implemented policy changes between 1996 and 2010 have on Germany and the UK? Claudia Busl and Atilim Seymen summarize in their discussion paper about the German labour market reforms in a European context that

"Germany launched a series of labour market reforms -the so-called Hartz reforms- in order to deal with a protracted unemployment problem. Over the period 2003-2010, following the introduction of the first Hartz reform package, four trends are conspicuous in the German macroeconomic data. First, the unemployment rate declined significantly from 9.3% to 7.1%. Second, the increase in GDP of 8.6% has been much stronger than the increase in consumption of 3.6%. Third, labour productivity rose significantly by 5.5%, accompanied by a merely moderate wage rise of 0.7%. Fourth, the German economy registered large current account surpluses, which have been driven by trade surpluses to a large extent and have persistently been above 5% of GDP since 2005" (2013:1).

At the same time similar effects could also be seen in the UK. The key findings in a report on UK Labour markets summarize the following<sup>47</sup>:

- EU migrants account for a growing proportion of total employment in the UK - Non-UK EU-born citizens accounted for 2.7% of employment in Q2 2003, but by Q2 2013, ten years later, this had more than doubled to 5.5%.

- Between Q2 2003 and Q2 2013, the number of Non-UK EU-born citizens in employment in the UK more than doubled from 762,000 to 1,647,000. The accession A81 countries, plus Romania and Bulgaria, accounted for 87.0% (770,340) of this increase. Employment among those born in the EU142 rose from 657,000 to 797,000 over the same time period – an increase of 21.3%.

- Census data for 2011 show that non-UK-born EU citizens are less likely to be unemployed or economically inactive than their UK-born counterparts - 63.3% of non-UK EU-born citizens (aged 16 and over) were in employment, notably higher than the 56.2% seen for UK-born citizens. Meanwhile, 69.8% of non-UK EU-born citizens were economically active, compared to only 63.0% of UK-born citizens.

While shifts within the world of work took place because of the free movement of workers, at the same time the topic of the reduction of poverty, in combination with unemployment became one issue that ran with the concept and discourse about social justice.

### **3.2.3.1. SUMMARY**

During the period under study, society had to adapt to rapidly changing technical innovations and changing economic ideals. A new distribution of responsibilities and welfare production between public and private entities manifested itself in the spreading of the third sector, which at the same time led to a new interpretation of the definition, function and value of work and (social) justice which was politically promoted across Europe in the form of the Third Way politics. The changes in relation to 'the value of work' that took place during the 1990s led to specific changes within the welfare state system that consequently changed the whole distribution of welfare production within the United Kingdom and Germany.

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<sup>47</sup> Source: The impact of the European Union on the UK labour market (2013). <https://cebr.com/wp-content/uploads/2013/09/EU-exit-and-the-UK-labour-market.pdf>, (retrieved: 24.4.2017)



### **3.2.4. CHANGING DYNAMICS OF THE CONCEPT OF WORK**

#### ***DEFINITION, FUNCTION AND VALUE OF WORK***

Work is part of the self-realisation of humans and is of great importance. Many people define themselves using their profession since they receive social recognition for it. In the course of history and especially from the beginning of the 1980s profound changes took place within the world of work. The influence of neo-liberal politics actually triggered a change in the meaning, function and value of work. This change created new outlines for the term 'work' which loosened itself from the traditional form of gainful employment, to a new form of 'work-society' (Mutz 1999: 3-11), which in consequence initiated the profound change in the understanding of the basic values of social democracy. The old welfare system did not, therefore, really apply any more to the new situation (Kaufmann 1997: 49 and Expert 3: 19:10 min), attitudes changed and new solutions had to be found.

Work is interpreted as a specific, capitalist activity which is defined through social activity and remuneration. Work is the basis of social affiliation and social rights, self-esteem and respect (Gorz 2000: 9 ff.). Furthermore, work is a central factor in all economic systems and the prerequisite for the production of goods and services. Work also has moral aspects, since work is a duty to look after oneself and others and this productive activity is the core of our economy and is therefore of particular interest (Giardini/Liedtke 1998: 209).

Prior to industrialisation only a minority of the population found paid work, and poverty was commonplace. The provision of paid work eventually became one of the main instruments to battle poverty and to integrate people into a social order. The industrial revolution had an immediate effect on welfare politics in that employees organized themselves in unions and thus achieved specific social reforms for their benefit (these included the social security system). Work became the most significant factor for economic development (Giardini/Liedtke 1998: 34 ff.).

Therefore, work developed into an innermost core of value and integration in a modern society (Beck 1999:18). Ulrich Beck sees in work one of the main social functions and a scale for social recognition (Beck 2000: 34 ff.). It determines the daily life of people, politics, the economy and the law (Beck 1999: 20) and fulfils numerous functions such as identity, self-esteem, material and social security. Work, performance and income are integrating norms of life (Steinmetz 1997: 175 ff.).

Since work has such an important value in our society, the issue of unemployment permeates every aspect of our lives including the social, the economic and political spheres. Ulrich Beck writes about a paradoxical situation: work is on the one hand the core or the centre of society. On the other hand, there are attempts to reduce it as much as possible. Increased productivity implies the abolition of human work by means of new, modern technology (Beck 1999: 20 ff.). The loss of work therefore often has drastic psychological effects, such as depression and other psychotic illnesses (Rifkin 2002: 137 ff.) and to be or to become unemployed creates a lot of pressure and increases forms of burn-out syndrome for the individuals (Expert 4: Intro).

People who work contribute something to society, but what defines work? Is paid work the only measurement for the contribution of the individual to society? What about people who pursue unpaid work, such as household tasks or the education of children? They usually receive less social acknowledgement and less justice within the welfare state but they contribute a lot to the (welfare) state. In many countries paid work lost its original value for people. In Germany, for example, only about 10% of the employed people at the beginning of the 21st century found it a top priority in their life, while during the 1960s one would say “half of your life is spent at work” (Gorz 2000: 90). Regular paid work, which in the present system is still the foundation of the economy, lost its significance. Moreover, the changes within the world of work dissolved the principle and values of solidarity, since more and more people experimented with new forms of life and more flexible relationships. New forms of flexibility within the employment sector have great effects on the cohabitation of people and to an impoverishment of relationships<sup>48</sup>. How the changes within the world of work altered the basic values of freedom, justice and solidarity will be outlined in the next sections.

### ***WORK IN UPHEAVAL***

Modern societies are working societies. In the course of time, work moved into the centre of most people’s lives. To have a job was expected by society and through work, for example, solidarity was created in the form of unions. The modification in the nature and distribution of work peaked in the 1990s and initiated a profound change in society that differs a lot from the changes in the past. The traditional

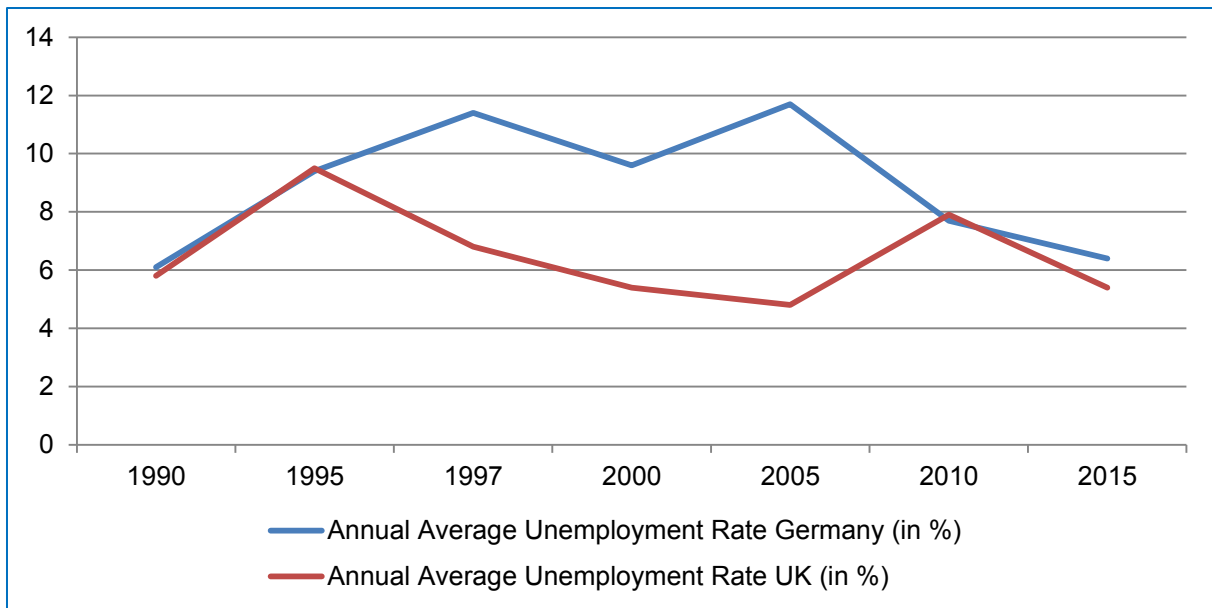
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<sup>48</sup> See future trends: c.f. Horst W. Opaschowski (2002): ‘Wir werden es erleben!': Zehn Zukunftstrends für unser Leben von morgen. Primus Verlag

German model of the 'Rheinische Kapitalismus', which refers to the balance between capital and work, as well as the stabilisation of the traditional 'normal' family needs to dismiss the old values about family, work, responsibility and performance and needs to search for new solutions (ibid.: 35). The social, economic and political changes (mentioned in Chapter 3) produced new social milieus and therefore also new risks which could not be handled anymore within the old welfare state system.

The effects of these changes were unemployment, an erosion of the traditional labour practices, and an erosion of the traditional family structure (c.f. Beck 2000/ Heinze 1998 in Meyer/Vorholt 2004: 36). German society "was after the Second World War very faithful to the state and the 'old' social state seemed to work very well and one had a feeling of security. Yet with time new 'risk groups' started to evolve, and the system was partly enhanced especially when the social pressure grew "(Expert 2: 18:30min). Eventually, "the definition of work started to falter- was work only gainful employment, how do you acknowledge non- paid work? This whole discussion began to weaken the typical German conservative model and more dubiousness about the old system started to appear" (Expert 2: 22:44 min). The "solution back then seemed to be neoliberalism, a market for everything" (Expert 2: 26:19 min) and furthermore there was an aim to "promote individual independence and own effort and performance within the welfare state system" (Expert 2: 49:20 min). In the end these changes generated a new order for the state, society and the economy accompanied by neoliberal ideas which increased competition and produced continuous changing working and business conditions and at the same time generated a dramatic increase of unemployment.

The transition from the classical industrial sector to the service sector called into question many essential premises of the society (Ernst Ulrich von Weizäcker in: Giardini / Liedtke 1998: 11 ff.). "By the mid-1990s, services accounted for almost two-thirds of world GDP, up from about one half in the 1980s" (Guyette 2000: 52). Between 1995 and 2005 annual real growth averaged 1.4% in Germany compared with 2.9% in the UK. The steadily growing mass unemployment of the 1980s and 1990s resulted from the enormous restructuring of all sectors in the course of globalisation. The German and UK unemployment rates went through radical periods of change from 1990 to 2010. Figure 14 shows the development of the annual average unemployment rates.



**Figure 14: Annual average unemployment trends of Germany and UK, 1990-2015, Source: OECD Labour Market Statistics (own figure)**

As seen above, the unemployment rate in the UK rose to almost 10% from 1990 until 1995, but steadily dropped to a level of around 5% until the Great Recession of 2007/8 hit the economy. It then climbed back to around 8% in 2010 and again declined since then. Germany experienced a rather opposite trend in the unemployment rate. Until 1995 the trend was very similar to the UK with a rate of around 10%. Whereas British unemployment started to drop after 1995 the German rate kept on climbing until 1997 to almost 12%, with a short drop afterwards until 2000, then rose again dramatically until 2005 and has dropped since 2010 to an average rate of about 6%. The unemployment rate therefore had a strong cyclical component for Germany but also a trend component that had been rising until the mid-2000s.

“The application of new technologies, changes in the work environment and the growing dismantling of full-time jobs have resulted in a continuous increase of part-time work” (Küsters 2007: 112). Since then 85% of employees have had to deal with flexible working hours and there were more and more people employed part-time, in the low wage sector, or who were self-employed or unemployed (Hildebrandt 2002: 13). Part-time work offers employers the opportunity to adapt rapidly to changing conditions, while employees enjoy a greater level of flexibility, provided they can afford to live on the reduced income. New social democratic thinking no longer just focused on values such as social justice, but equality of opportunity and the need

for more individual responsibility and performance. Schröder and Blair saw the need for these ambitious changes as their responsibility, but at the same time reduced the responsibility of the state to provide the equality of opportunity by demanding more self- responsibility and self- performance.

All of the above- mentioned factors have directly influenced the changes within the basic values of freedom, justice and solidarity. It turned the 'old' welfare state into a new 'national competition country' (Hirsch 1995: 8ff and Chapter 3), where a competitive business location, in Germany as well as in the UK, became more important than the working person itself. Deregulation and temporary work actually decreased unemployment, but at the same time increased the inequality in income distribution.

Over the course of time, work therefore started to change in its form, meaning and value and the processes led to a reorganisation of social relations and liberation from traditional contexts of solidarity and community. At the same time, it implied a stronger responsibility for oneself but also growth in uncertainty, on the other hand it also offered new possibilities but also new forms of monitoring. Furthermore, the old values of distributive justice for everybody were replaced by equal opportunities for everybody. So what effects did the above mentioned changes had on the concept of social justice?

### **3.2.5. CHANGING DYNAMICS OF THE CONCEPT OF SOCIAL JUSTICE**

The issues of the changing dynamics in the world of work also made a new public and political discourse about the interpretation of social justice necessary. Justice is a term which can be interpreted in many different ways. Social justice is generally equated with a concept of equal opportunities in society. Brian Barry, a British political philosopher, wrote that 'equal opportunity' and similar phrases such as 'personal responsibility' have been used to diminish the prospects of realizing social justice by justifying enormous inequalities in modern society (Barry 2005). Furthermore, he argues that only when inequalities of wealth and income are kept within a narrow range can equal prospects for education, health and autonomy be realized. With demographic changes, such as shrinking birth-rates in many Western countries, it is not just social justice but also generational justice that was seen as an important form of justice. Furthermore, there are concepts related to equal opportunities: just participation, distributive justice and many more. Third Way politics

redefined social justice. The questions that arose with the neo-liberal politics (and later Third Way politics) were about who should be responsible for providing justice within the society?

Discussions about social justice in the 21st century in both Germany and the United Kingdom took place especially in the context of commissions. Yet the concept and definition of social justice was confronted by social and demographic change, which meant that there were lasting responsibilities for future generations. In the United Kingdom the 'Commission on Social Justice' (1992-1994) and in Germany the 'Basic Values Commission' (Grundwertekommission) published works about the future of social justice. Wolfgang Thierse, chair of the Basic Values Commission said that the notion of social justice needed to be defined and analysed in a new way<sup>49</sup>.

Justice is something dynamic, since it can change over time. What is considered just today might not be tomorrow. Justice needs to be acknowledged by everyone to be considered just. If there is even one person that considers a thing to be not just, it is indeed unjust. Since the beginning of the industrial revolution at the end of the 19th century, the concept of social justice has experienced many different phases. The first phase was the emergence of modern ideas of social justice through the discovery of the 'social'. The major changes, which saw an agricultural state, convert into an industrial state during the industrial revolution, led to the creation of a socialist movement within Europe. The reasons behind the growth of the socialist movement during the industrialization period included the population growth at the end of the 18th century within Europe, movements from the countryside to cities (urbanization) and the emergence of the 'workforce' in industries that led to the development of social injustice, such as pauperism.

These changes occurred in the UK from around 1760 and in Germany from around 1848 with the March Revolution. Germany was the first country in Europe to define the abstract term 'social question' and to develop a modern welfare state system. Between 1850 and 1900 the social question dealt with urbanization, with the extensive need for employment rights for the new workforce, as well as adequate housing, health care and social rights, and with the rise of social democracy and the form of social justice that should exist within a society (c.f. Fischer 1977: 104-110).

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<sup>49</sup> c.f. SPD Grundwertekommission: "Mehr soziale Gerechtigkeit in Deutschland", 15 September 1999, Spiegel Online.

Since then 'social justice' has been the key concept and central theme for social democratic parties within many European welfare states. The Social Democratic Party of Germany first talked about social justice in the Eisenacher Programme (1869: Chapter II, Point 1) and in the Gotha Programme (1875: Chapter II, sentence 1). However, the term 'social justice' was first used in the Godesberger Programme (1957: 20). After the Second World War the identity of the social citizen connected social justice to politics. Social and political organisations, such as labour associations and unions, organisations of the church and political parties offered possible approaches for solving the 'social question'. In the 1970s, after the world economic crisis, neo-liberal politics had a great impact on social justice and challenged views on what the principles of social justice were and who should provide it. For decades the welfare state system was built upon the state being responsible for 'social justice'. From the beginning of the 1970s until the beginning of the 1990s neo-liberal ideas and politics started to transform welfare states by reducing welfare support, especially support delivered by the state (c.f. Butterwegge 2007; Wilson 2007: 97-100). Examples of these reductions in benefits in the UK, as well as in Germany, include less support in terms of health benefits (higher medication costs, less support for dental costs, the practice fee (see also Chapter 2.2.3), less support for housing, a public-private mix within the pension system, etc.).

Neo-liberal politics promote the ideologies of market and liberty, whereas traditional social democratic ideologies focus upon liberty and justice. Giddens (1998: 8, 9, 11-14) points out that the market gives each individual the possibility, depending on their skills, to find their position in society. This neo-liberal concept deliberately accepts social inequality in contrast with social democratic thinking where inequality and injustice are presumed, but not accepted and the belief is that it should be compensated for by the state. Neo-liberal ideologies promote less state and more market, but can a market deliver social justice or a state compensate for it? If not, the deductive reasoning is that more responsibility should be shifted towards the individual/family: from an active state to an activating state. Friedrich August von Hayek puts it in a nutshell by saying that in a market economy no moral standard of social justice can be imposed (Reitzig 2008: 137), since no one is distributing income in a market economy. This was the 'neo-liberal social justice dilemma' that existed from the end of the 1990s. In view of this, justice is often associated with distributive

justice that involves full employment and the construction of a welfare state system (Giddens 1998: 8-11).

In his 1979 work entitled 'Central Problems in Social Theory', Anthony Giddens considers social justice in the context of a globalized economy to be the granting of equal opportunities. Ulrich Beck (1986) also claims that the process towards more individualism and a less traditional industrial society (characterised by rigid class structures) reinforces individual social inequality. Social justice within a welfare state should minimize social inequalities in a sustainable way, a claim made by the famous sociologist Gosta Esping-Andersen in his work on European welfare state systems in the 1990s (1996: 2).

These social changes and debates not only affected abstract society, but also the political parties within Europe. For decades, social democratic parties had been promoting (social) justice that focused on material distributional properties enacted by the state. In the 1960s and 1970s the first debates about equal opportunities and capabilities started to arise, thanks to the Indian economist and Nobel Prize winner Amartya Sen (1970, 1973). Sen claims that society should be concerned with people's capabilities rather than either their resources or their welfare. John Rawls (1979) argues in his work 'Theory of Justice' that human beings with similar levels of knowledge should also have similar life chances. The changes in the structure of values towards more freedom of choice in the 1960s and 1970s also led to more self-responsibility.

Becker (1994: 37) refers to the 'exhausted welfare state' and claims that the "expectation of the citizen that all their problems are solved by the state and that their own effort is reduced to a minimum, are the actual core of the political and financial crisis of our society". This is why the politics of these times aimed to "demand and promote" effort. Armin Schäfer goes even further by saying that

"income inequality negatively affects not only trust in parliaments and politicians but also diminishes satisfaction with democracy [...] Growing inequality is particularly relevant to democracy, as a strong correlation exists between social inequality and how citizens evaluate democracy. The more unequally income is distributed in a given country, the more dissatisfied citizens become with the way in which democracy functions and the less they trust in political institutions"<sup>50</sup>.

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<sup>50</sup> c.f. Schäfer 2012: Consequences of Social Inequality for Democracy in Western Europe. Zeitschrift für Vergleichende Politikwissenschaft 6: 23-45.



In 1994 Giddens questioned the philosophy behind the socialist tradition with the publication 'Beyond Left and Right' in which he gave a long and subtle account of the exhaustion of the old ideologies and the prospects for the future. In this book he discussed the radical right and left streams of politics, which have influenced policy-making amid the impact of ecological change and globalisation, which started to appear on the political agenda in the 1990s.

The Schröder-Blair paper as mentioned in Chapter 2, section 2.3 intended to ignite a new programmatic debate about the concept of (social) justice and what social justice means in the 21st century. Justice is something that everybody is responsible for. The responsibility for distributing justice was shifted from the state to the individual within the realities of the market. Social justice now meant social inclusion centred on work through an activating state (Hombach 1998, Blair 1998, Giddens 1998: 138). This new concept of justice revolved less around distributive justice (through monetary support) and more around a concept of just participation and the opportunity to participate within the labour market. These opportunities were granted through a promise for more training and education.

At the end of the 20th century the definition of social justice therefore changed to mean equal opportunities and chances rather than the state distributing social justice. Amartya Sen (2000) calls this the 'right to develop' and empowerment. Politically this change meant that the unemployed had to take on responsibility within society by accepting a low-wage or part-time job, rather than living off income support. This new concept of justice anticipated a new partnership of responsibility between the state and society. From a political perspective, this new concept revolved around the question of whether a state can bring about more personal responsibility. Some argue that solidarity and justice are two things that can only be 'felt' by a society and not enforced (Tönnies 1920: 16 f.). These changes were not just felt in the UK and Germany; they were also seen and felt in many other EU member states, especially those led by social democratic governments.

### **3.3. CONCLUSIONS**

Understanding the changing dynamics within the society, the state and the market is extremely important for this thesis. After all, these changes had a direct effect on the notions of work and social justice and have influenced the attitudes of the two parties towards the welfare state. The empirical analysis of the changing attitudes towards

the welfare state highlights three main inferences. Between 1990 and 2010 the welfare state was either seen as a financial burden (dimension economy), as a support or help for people in need (dimension society) or as a basic construct for democracy (dimension state/politics). In the given period, imbalances within this system started a chain reaction and caused radical changes and a paradigm change towards the- until then existing- welfare state.

Work started to change in its form, meaning and value and the processes led to a reorganisation of social relations and liberation from traditional contexts of solidarity and community. There was a radical erosion of the traditional labour practices which indirectly implied a stronger responsibility for oneself and a growth in uncertainty, but also new possibilities and new forms of monitoring. The introduced Third Way therefore tried to improve the situation of ordinary workers by promoting the ideas of more personal responsibility and to facilitate and request more civic involvement that could replace some of the social responsibilities of the state. Resulting from this was the growth of the third sector within those two countries.

At the same time the definition and interpretation of social justice needed to adapt, and the state hereby promised to offer more equal opportunities and chances rather than being responsible for distributing social justice. This complexity of political, social and economic interplay has therefore radically changed the concepts of work and social justice and in consequence the basic values of social democracy. The next chapter will therefore focus on the two main research questions of this work and will reveal which forms of discourse took place and how the perceived categories of this discourse have led to the final conclusions on the changing attitudes towards the welfare state and its resulting measures and effects.

#### 4. CHAPTER IV: CHANGING DISCOURSE

*The main question this thesis tries to answer is which mechanism led to the change in attitudes towards the welfare state on the part of the parties being studied.* The first part of this chapter reveals the particular mechanism at play and in its second half will subsequently look at the effects of it. The main method used for this is the discourse analysis as described in Chapter 1.3. This form of analysis was applied on political cartoons, manifestos and political speeches delivered by Schröder and Blair for the given time period which eventually revealed major changes to the interpretation of the basic social democratic values and in consequence resulted in necessary radical changes and adjustment processes to the welfare state systems of both countries.

The social change that took place in Germany and the UK, but also in the rest of the world between the 1990s and 2010 was dramatic. In the 1920s, William Ogburn (*On Culture and Social Change: 1922*), an American sociologist, coined the term 'cultural lag' which he used to explain that a society must adapt to technological and other changes by adjusting or re-modelling to incorporate the changes. In general, the term refers to the concept that culture takes time to catch up with technological developments, and that social change, especially problems and conflicts, are caused by this lag. Cultural lag theory focuses, therefore, on phases of drastic technological change that produce an imbalance and change in norms and values, organisations and institutions. The consequences are emerging changes and problems within the society. Societies need time to adjust and accommodate to this new situation; this is the so-called cultural lag period. This period is so critical to society "because failure to develop broad social consensus on appropriate applications of modern technology may lead to breakdowns in social solidarity and the rise of social conflict [...] Factors that cause cultural lag, include the social structure and market conditions under which each are developed" (Marshall 1999: 81-90).

The development of the internet since the mid-1990s has led to radical changes within society. If one uses the theory of Ogburn one can claim that the comprehensive spreading of the internet and globally shared knowledge (independent variable) and the shifting of responsibility towards individuals (dependent variable) are linked. Responsibility in the form of power and knowledge

are interconnected and are also changing constantly. Wilhelm Liebknecht (1872) stated in a speech about Francis Bacon (1598), the initiator of the phrase “knowledge is power”, that not just knowledge is power – power is knowledge”. Liebknecht was also one of the founders of the Social Democratic Party in Germany who demanded that workers should have more political power in order to give more people the opportunity for acquiring knowledge, education and culture. This is something that the German Social Democrats have long been aware of and they wanted to give their voters more power. In that way, society, and especially the individual, should have equality of opportunity, but at the same time show more self- responsibility. The state, society and consequently the market therefore have an equal share of responsibility and performance.

The power of economics, especially of new markets, induced by technological innovations during the 1990s, has led to the mutation of the welfare state into a capital state (Gorz 2000: 18), which eventually signified the end of the traditional welfare state and a radical change within the system of democracy (Huffschmid 2001: 13). While many may argue that it was mainly the neo-liberal political and economic style that changed the attitude towards the welfare state, it was in fact just the trigger for a radical change in the interpretation of the basic social democratic values of freedom, justice and solidarity. This change in values is a “profoundly social phenomena by which almost all Western industrial states are affected” (Hepp 1994: 1) and Germany and the UK were part of it. The ‘old’ basic values of the social democratic parties had to compete with the ‘new’ values of the ‘competitive welfare state’.

Consequently, the next sections will focus on the changing discourse and its effects. At core will be the analysis of political cartoons, as well as discourse found in political manifestos of the two given parties and political speeches of Prime Minister Tony Blair and Chancellor Gerhard Schröder.

#### **4.1. DEVELOPMENT AND PHASES OF DISCOURSE**

Discourse analysis gives actors rules and forms to construct realities. Why were specific statements given, why in this form and with this specific context? In order to understand the changing attitudes of the UK Labour Party we need to acknowledge the events that precipitated the change in discourse. For a long period of time wealth was growing but the oil crisis in 1973 and the spread of new

technologies after this led to the growth of a new information-based employment sector, and the majority of people employed in the industrial sector were replaced by a majority of people working in the service sector (see also Figure 13 in Chapter 3.2.2). Politicians began talking about a 'post-industrial society'<sup>51</sup> and dysfunctionality of the welfare state as a result of the changes.

This technological change produced a new kind of discourse within the social, political and economic spheres primarily during the 1990s. Within the service sector knowledge and information started to play an even more central role (cf. Jain et al.: 5). The economic discourse that followed was about the change from a demand-oriented to supply-oriented economic policy, and public perception circled around a social discourse that was on the one hand about the fascination for new technologies but on the other about the fear of losing jobs because of it. The social discourse was therefore about how to deal with this new insecurity, and within the social sciences this form of discourse came to known as the 'risk society' discourse (c.f. Beck 1986).

'Risk society' is a catchword that the German sociologist Ulrich Beck created and used in the full title of his book 'Risikogesellschaft: Auf dem Weg in eine andere Moderne' published in 1986. The use of the term 'risk society' became very prominent after the Chernobyl reactor accident in 1986, which symbolised a turning point (Beck, 1986). The term risk society signifies a break within the modern age, which disentangles itself from the contours of classical industrial society and takes a new form in the so-called (industrial-social) risk society (Beck 1986: 13 ff.). The change in information technology may, therefore, be seen as a 'control revolution', which was especially necessary in order to grasp the consequences of the industrial revolution – i.e. risky ecological, economic and social 'side-effects' of industrialization (cf. Beniger 1986 and Beck 1986 in Jain et al. 2001: 5). Security and insecurity were therefore key terms in the political discourse of the risk society.

Structural changes in employment eventually produced a new type of employer that needed even more employees with academic qualifications. There was a need for new expert knowledge, which in the 1990s resulted in discourse about the 'knowledge society' (c.f. Drucker 1969, 1994; Välimaa & Hoffmann 2008). From this perspective, the knowledge society is simultaneously a risk society (Beck 1992), which implies gradual societal change. These radical technological changes led to a

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<sup>51</sup> The concept of the *post-industrial society* was coined by the French sociologist Alain Touraine (1969) and was theoretically elaborated on by the American sociologist Daniel Bell (1979).

first reaction of risk aversion, and this risk aversion then resulted in an innovation blockade especially in Germany. According to Geert Hofstede (2010), the Uncertainty Avoidance Index (UAI) measures “the way that a society deals with the fact that the future can never be known”. Germany has a very high UAI of 65 in comparison with the UK, which has a UAI of 35. This means that the UK is much more comfortable dealing with uncertainty (also notable in the saying ‘muddling through’), while Germany on the other hand feels more threatened by unknown situations. If new reforms are supposed to be implemented to improve the situation of the society after these radical technological changes, the UK would feel much easier about changes induced by these new reforms, while Germany by contrast would try to avoid any possible uncertainties. This is one of the reasons why it is much easier in the UK to introduce big reforms than in Germany.

The paradigm change, with respect to the welfare state that took place in the 1990s resulted from the changes that happened in the 1970s and 1980s. The risk aversion that followed the technological changes was eventually replaced by the need for innovation. With the spread of publicly accessible technology, such as the internet, people became more relaxed about the new technologies and started to use them as part of their daily lives. The spread of the internet has therefore contributed to modernisation in the economy and has created new branches of industry. In terms of its impact, the cultural meaning of this development is sometimes equated with the invention of printing.

These new forms of technology transformed into to a new form of information freedom. People experienced more freedom: freedom within Europe with the permeability of borders, but also freedom through more information by the spreading of new media. Now it was not only the state (government) and the economy that had access to new forms of knowledge, but also the society as a whole did. Furthermore, it generated a new form of communication behaviour and media use in the professional and private spheres. Within the political sphere, these changes produced a pressure to modify and dismantle the existing welfare state. Not just in the form of adapting to it, but more radically through major welfare reforms. Society became more involved in political and economic actions and politicians demanded more action from the public, while at the same time the public became new

shareholders (i.e. in the form of the Telekom-Aktie<sup>52</sup>). Therefore, this new form of knowledge for everybody also created a new form of shared responsibilities. Some people felt more open to change and trying something new, especially after years of risk aversion and innovation blockades.

In the mid-1990s this resulted in the success of the social democratic parties worldwide who stood up for more innovation and social justice. New forms of political values were offered to society; values that on the one hand demanded more responsibilities but on the other hand promised more support. The need for a new political pathway was felt in the UK after years of Thatcherism and in Germany after the unification of East and West Germany and 16 years of Chancellor Helmut Kohl. With globalization and technological change, a new generation of politicians was ready to change what had existed for years – the welfare system. They believed that the old values and ideas of welfare systems were out-dated and that the new shared knowledge and responsibilities had to be integrated into a new form of welfare. The times of the so-called ‘social hammock’<sup>53</sup> were over as technological change took hold in the late 1980s. There was increasing support for the view that the social security safety nets should be less of a hammock and more of a trampoline (Butterwegge 2007: 9-10).

A proponent of this new relationship between the state (politics) and the society was British Prime Minister Margaret Thatcher. She was the forerunner and creator of policies that shaped lean government and of a very strong liberal economic approach through privatisation, social benefit cuts and the driving back of the unions. Thatcher said at a banquet of the Mayor of London in 1979 that “money does not fall from the sky; you have to earn it here on earth”. US Presidents Ronald Reagan and later Bill Clinton followed in her footsteps by proclaiming: “we offer opportunity; we demand responsibility” (Clinton 1992: 226).

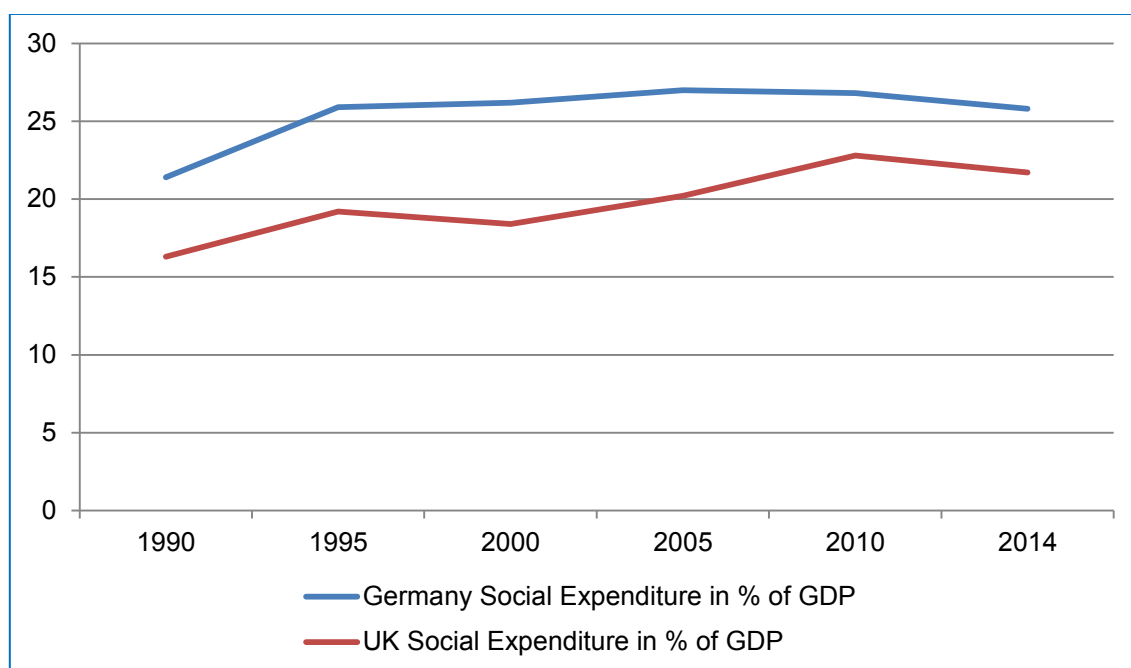
At the beginning of the 1990s, the German Federal Government also subsequently started to curtail social benefits. The catchword ‘Sozialabbau’ (social

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<sup>52</sup> The change that the German Federal Post Office/Telecom (Deutsche Bundespost Telekom) underwent, turning into a corporation, opening the enterprise up to the capital market. Telekom shares became the first so-called ‘national share’ (Volksaktie) because private individuals received a reduced price for the share and there was a free forum for further information and loyal shares especially for private individuals. In 1991 there were a total of 1.9 million new private investors and all together 713 million shares.

<sup>53</sup> The social hammock refers to the assumption that the social state lowers the incentive to search for a job. It conveys an image of someone ‘resting’ in a hammock, enjoying the benefits.

dismantling)<sup>54</sup> was chosen in 1993 by German society, trade unions and social associations as the “word of the year”. The background to these changes within the welfare state system was the discussion about contemporary social politics. Following German unification, the social systems of the Federal Republic of Germany were introduced in the former GDR. As a result of this and the collapse of many socialist companies after the introduction of the market economy, there was an increase in the social expenditure ratio from 30.7% in 1989 to 34.1% in 1994 (<http://www.sozialpolitik.com>) and the social expenditure ratio grew from 21% in 1990 to almost 26% in 1995 (see Figure 15 below).



**Figure 15: Social expenditure as % of GDP in UK and Germany, Source: Statista (own figure)**

Interestingly, on 26 April 1997 the German Federal President Roman Herzog deplored the lack of a spirit of enterprise and engagement and demanded that Germany must show more economic effort. The unification of East and West brought new challenges, not just in Germany, but also new responsibilities for social politics. In Germany the economic burdens of unification (the transfer of the economic, monetary and social union), as well as the anticipated eastern enlargement of the EU put a lot of pressure on the politicians. Unity in Europe led to a peace that has lasted since its foundation, but the economization of all things social that started to spread worldwide in form of the supply-oriented economic policy and its neo-liberal approach demanded more participation and shared responsibilities from everybody. The

<sup>54</sup> c.f. ‘Social dismantling’ is a word of the year, in: Frankfurter Allgemeine Zeitung, 21 December, 1993, No. 296: 9 (Germany and the world).



question was therefore not whether there was a need for change, but how this participation and shared responsibilities could be successfully achieved. The force for change eventually grew to a point at which politicians realized that adjusting was no longer sufficient. The next section will highlight, by presenting political cartoons, the topics and themes of discourses.

**4.2. DISCOURSE IN POLITICAL CARTOONS**

Political cartoons highlight very clearly the themes of discourse during a given time period. Cartoons are concerned with the political, social and economic questions and they can illustrate specific issues, comment and criticize. Since the social and political discourse during the time-period being researched plays a highly relevant role for the analysis of changing attitudes, this section presents a selection of political cartoons which describe the discourse during the reigning period of Prime Minister Tony Blair and Chancellor Gerhard Schröder.

Prime Minister Tony Blair realized shortly after the beginning of his term that there was an urgent need for social reform within the UK after the long reign of Conservatives. The following cartoon can be interpreted as Blair, on the one hand dealing with big issues such as crime during his time in office, while on the other hand he is shown as someone stealing Thatcher’s neo-liberal ideas and politics. While Thatcher had already turned British politics into a neo-liberal realm, Blair, a social democrat, continued with this basic neo-liberal structure and implemented some social democratic ideas within this system.

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Source: Boyle (2000): <http://www.boylecartoon.co.uk/book/uk/9a.jpg>, (retrieved May 3rd 2015)

The UK had therefore already experienced a change of economic systems change under Thatcher. Here the reduction of the influence of the unions, led to a loss of power of the lower class and the ‘old’ working class of society. Why then was this problematic?

In the past, with the formation and growth of the Labour Party in the beginning of the 20th century, there was a strong institutional relationship between Labour and the unions (Expert 7: 2:30 min). Therefore, the British union system “is quite different

to the German one, since there are social partnerships with parties, also regarding the (financial) support during election campaigns” (Expert 8: 2:53, 42:05).

The power of unions as well as their legitimacy from the point of view of the members is essentially due to solidarity. Traditionally unions played a major role in social well-being as a social order. Being a member of a union offered employees the opportunity to participate in the discourse on the understanding of freedom, justice and solidarity in the context of their professional work and to contribute to the further development of these values. In this respect, unions offered an important platform for activating social policy and development. Trade unions have therefore played a key role in continually improving the solidarity and self-determination of the living and working conditions of the dependent employees, based on the values of justice, freedom and solidarity.

During the Blair years “Labour detached itself from the trade unions. In 1995 Blair got rid of Clause IV and reformed the party. In the wake of this momentous change, the unions lost power, and the only way the TUC later on kept contact with the Labour Party was by transforming itself into a lobby group rather than a political mediator between citizens and the political sphere” (Expert 7: 5:10 min). The modernization efforts of the unions (Expert 3: 9:20, Expert 2: 1:02:00 min, Expert 8: beginning), the crisis of the past and their ability to show the value of solidarity and unions.

The country was already deindustrialised, the service and financial sectors were growing and society was already starting to adapt to these changes. Therefore, the implementation and its effects were already being felt by British society when Labour came into power in 1997. Issues such as the need for a transformation of the labour market became the most important issue of politics and policies, including the introduction of a minimum wage that symbolized a political effort to value any form of work.

The opposite was true for Germany. Germany was led by the Christian Democrats under Chancellor Helmut Kohl for a total of 16 years. The Kohl coalition led the country into devastating social proportions. Unemployment had never been so high since the foundation of the Federal Republic of Germany and the gap between rich and poor had never been so deep. For the upper class and companies,

especially the industry this time-period seemed more successful as the German economy was able to show impressive profits in this period<sup>55</sup>.

Once again, it can be seen that the foundations of social politics in United Kingdom and Germany were quite different. The Labour Party does not face much competition within the party system in the UK. In other European countries, there is a lot more competition for Social Democratic Parties (Expert 8: 47:58). Yet both the Labour Party and the Social Democratic Party of Germany have played an exceptional role with regard to the development of welfare state policies.

The tipping point for new political perspectives in Europe came with the fall of the Berlin Wall in 1989/1990 that united the eastern parts of Germany with the West. This historical moment, represented by the song 'Wind of Change' by the German band the 'Scorpions', symbolised a change not just within Germany, but all over the world. The world was growing together, not just through the falling of walls and borders, but by globalisation processes that pervaded all parts of people's lives. At this point in history the SPD was undecided between modernizing itself and embracing the new streams of neo-liberalism which eventually led to changes to their (until then very clear) ideological and theoretical perspectives. The insecurity of left-left SPD politicians, in particular, such as Oskar Lafontaine and his sceptical position towards German unification are an example of this inner dispute. Antonia Gohr (2001) sums up this phenomenon:

"with the criticism of the fixation on employment, growth, state and modernization of the SPD social politics and the pledge for self-help initiatives and 'small nets', the new social movements questioned traditional social democratic socio-political images. However, not only the social state criticism from the left challenged the social democratic concepts of social politics; it was also pressed into defensive action by the neo-liberal side with demands for less state and stronger privatization of life risks" (Gohr 2001: 263).

The fall of the Berlin Wall produced a state of euphoria, but after a while people realized how different their cultural backgrounds and levels of social awareness were with regard to their political, societal and economic constitution (Expert 4: Intro). This was mainly due to the differing nature of the rival political systems that had been in place. The German Democratic Republic was a socialist dictatorship with a centralised economy where power was in the hands of one party,

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<sup>55</sup> Refer to: Leaman, Jeremy (2009): The Kohl Era: CDU Supply-sidism in Practice in: The Political Economy of Germany under Chancellors Kohl and Schroder: Decline of the German Model? Berghahn Books, pp. 43-72.

the Socialist Unity Party of Germany (SED) that operated under central planning, administration and controlled the economy. There was, on the one hand, the guarantee from the 'state' that it would look after its people, for example by offering full employment; on the other hand, people were oppressed by having no freedom of opinion. Feelings of a sense of community and what it meant to be a citizen were therefore very different for the Eastern and Western parts of Germany.

The discourse around this time all focused on 'solidarity', but the country really needed a discourse about the norms and values of the society within the socio-political sphere (Expert 4: 4:45 min and 6:15 min). At the same time the SPD was paralysed by internal quarrels between the 'right-left' and 'left- left' wings of the Party (Expert: 14:05 min). The cartoon below shows that Schröder's 'neo-socio-liberal' politics were very new to German society and people were not yet sure what to make of it. The man on the left asks: "what do you call this style?" while the one on the right answers: "neo-liberalism, I think".

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Source: Greve (2013): [http://debattiersalon.de/wp-content/uploads/2013/05/Katharina\\_Greve\\_Cartoon\\_SPD\\_fuer\\_debattiersalon.png](http://debattiersalon.de/wp-content/uploads/2013/05/Katharina_Greve_Cartoon_SPD_fuer_debattiersalon.png), (retrieved May 3rd 2015)

At the beginning of the 1990s, two central positions crystallized within the SPD. The former employment minister and social minister Herbert Ehrenberg focused his work on the existing welfare state as an advantage of the economic location of Germany within the global competitive debate about economic and location policy (Ehrenberg 1997: 264). On the other hand, Bodo Hombach (1998, 2000), the former chief of the Chancellor's office, and saw in the welfare state virtually the opposite: an economic obstacle that had to reform to remain competitive. One position was therefore that the state and the welfare state can co-exist, while the other position saw the welfare state as a hindrance for the economic development of the state.

Katrin Mohr also illustrates this very clearly, writing: "the 'new social democratic' position (...) wants to preserve the welfare state, nevertheless, shares with the neoliberal position the criticism of the alleged pacificatory effects of social protective rights and the belief in the superiority of the labour market as a social

integration instance” (Mohr 2008: 217). Ehrenberg’s view shows that social politics with high economic value are a dependent variable within the national economy, while the elements of the social and location-oriented security are incompatible for representatives of Hombachs’ way of thinking. The fact that this idea was not capable of winning a majority for the SPD is illustrated in the resignation of Oskar Lafontaine and later the foundation of ‘Die Linke/The left’ party.

In this specific period criticism of the ‘left-left ideological’ social state started to fade while the neoliberal globalisation debate gained more and more influence. “So far this debate was about the supposed disadvantages of an excessively generously welfare state for the ‘citizen’ [...] At the same time a location policy developed, which went hand in hand with neo-liberalism and also manifested itself with leading SPD politicians” (Butterwegge 2005: 1).<sup>56</sup> German social democracy was divided between partisans of neo-liberal theory who supported a structural-conditioned superiority of the market and those who maintained traditional sympathy for the welfare state, solidarity and security guarantees.

This criticism of the social state at this time happened amid the three ‘D’ concepts<sup>57</sup>.

“The *first D* stands for ‘deindustrialization’, a criticism of the costs of the welfare state, which was reported by Oxford economists Bacon and Eltis (1976) who claimed in their book about Britain’s economic problem that the welfare state was drawing money from productive industry and preventing it from realising long-term growth. The *second D* stands for the concept of ‘disincentives’ and describes the deterrents released by the welfare state, which influence the economic activities of individuals and enterprises negatively, because they curtail the income attainable in the market and profits. A generous welfare state decreases the incentive for individuals to disclose sources of income in the market. Here the *third D* criticism under the heading ‘demoralisation’ comes into play. From this perspective, welfare state dependence is happening and is perpetuated; at the same time this reduces individual self-responsibility. John Major, who succeeded Thatcher, actually started to moderate this political adjustment of the dismantling of the welfare state due to the obvious rising displeasure of social interest groups, organizations and the [wider] population”<sup>58</sup>.

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<sup>56</sup> c.f. Butterwegge (2005): Diskussionen über den Wohlfahrtsstaat der Zukunft. <http://www.memo.uni-bremen.de/docs/m2505.pdf>, (retrieved: 12.8.2015)

<sup>57</sup> c.f. Mau (1997): Ungleichheits- und Gerechtigkeitsorientierungen in modernen Wohlfahrtsstaaten. Discussion Paper FS-III 97-401, <http://bibliothek.wz-berlin.de/pdf/1997/iii97-401.pdf>, (retrieved: 12.8.2015), p. 23.

<sup>58</sup> c.f. Source: <http://bibliothek.wz-berlin.de/pdf/1997/iii97-401.pdf>: 23-24, (retrieved: 20.5.2015)

The changes outlined above culminated in the German and British welfare-state concept in the form of the aforementioned Schröder- Blair paper of 1999. With the help of this document, the social democracies of Europe were supposed to develop a new approach towards welfare state. Schröder and Blair promoted the activating welfare state rather than an active welfare state and their paper constitutes an indisputable break with prior the so called traditional welfare-politics within Europe. Klaus Dörre (1999) goes even further by saying that the Schröder-Blair paper sent the 'crystal-clear message' that following globalisation the balance within the economy had shifted and that the European Social Democrats had no other choice than to adapt the welfare state to the compulsions of the open world markets<sup>59</sup>.

Deregulation, the freeing of the market, which was part of economic policy became a catchphrase during this time-period. Markets are valuable tools for the distribution and production of goods, but what was missing during this time was the discourse about the limits of the markets and the values and morals of market economics such as proposed by Adam Smith. Everybody saw neoliberal politics as the solution for the crisis in the 1990s and this system change led to a redefinition of responsibilities and performance. The cartoon below drawn in 1999 shows that it was very common during this period to relocate companies or part of their production into the eastern parts of Europe, where labour was a lot cheaper. The reporter in this cartoon says "One can see by the rising black smoke (relating to the smoke signals for electing a new Pope) that the management has not yet decided whether they will relocate the factory to Poland".

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Source: Labournet, [http://labournet.de/diskussion/wipo/glob/verlager\\_gr.jpg](http://labournet.de/diskussion/wipo/glob/verlager_gr.jpg), (retrieved May 3rd 2015)

Neoliberal ideas started to spread and intrude every aspect of life without any borders. The only question was how to get this difficult topic and major changes to the system across in a positive way? In the cartoon below Schröder says: "It is all just a problem of communication!!" Furthermore, the cartoon states: "The new press campaign..." and refers to famous commercial slogans combined with Hartz IV.

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<sup>59</sup> c.f. Source: <http://bibliothek.wz-berlin.de/pdf/1997/iii97-401.pdf>: 24, (retrieved: 20.5.2015)

These are from the top left to the bottom right: “Only flying (get the push) is nicer!!”, “Nothing else is to be desired!!”, “Avarice is cool”, “I am not stupid!!”, “Not always but more often!!”, “Do you still work or do you already live?!!”, “There is nothing about a...” and “We clear the way!!”

Schröder and his ‘marketing’ team tried very hard to convince the population of the positive effects the Agenda 2010 would have in the long run, but such radical reforms are never easy to implement. And usually it takes years until one can see the impacts (positive or negative) and performances.

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Source: Stuttmann(11.8.2004): <http://stuttmann-karikaturen.de>, (retrieved May 3rd 2015)

This intrusion of neoliberal thoughts devalued old norms and values, especially those of the social democrats- the fundamental values of freedom, justice and solidarity. Furthermore, they changed the interpretation of performance and responsibility, and how labour and the value of work can be defined. The next cartoon talks about the “value of work” in Germany, and “how it lies in the gutter”. New forms of work and work sectors, including the spreading of low- wage and part time jobs emphasized this fact.

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Source: Rabe (2011):[http://www.toonpool.com/user/14616/files/wertvorstellung\\_1292775.jpg](http://www.toonpool.com/user/14616/files/wertvorstellung_1292775.jpg),  
(retrieved May 3rd 2015)

The value of work decreased as well as the quality of work and the cartoon confirms through the body language and the expression “oh” (in German: “ach”) that the politics are not taking any action during this time to improve the situation.

During the 1990s the perception of social benefits and receiving them turned into something negative, as witnessed by the use of hostile language; with the rise of terms such as ‘deserving or undeserving poor’, ‘idleness’, ‘hammock’ (Expert 03: 20:10 min and Expert 04: 2:53 min/12:40 min/16:00 min, Expert 05: 11:22 min, Expert 06: 13:45 min, Expert 07: 33:26 min, Expert 8: 12:40 min and 32:18 min). People who were not active in the labour market were seen as a group of people who

did not perform- no matter for what reason. The US president Bill Clinton was an early user of this hostile language; he claimed already in 1996 that “welfare is a second chance, not a way of life” and that reforms within the welfare state system were necessary because of the “unwillingness of individuals to work”. This group of people mentioned by Clinton eventually became the scapegoat for the poor performance of the German market.

‘Faulheit’ (laziness) was directly associated with non- performance within the society. And at the same time this form of non- performance was responsible for the crisis of the welfare state. If there were news about rising housing benefits, no one really looked at the real causes for changes within the social security, like the issue that these benefits rose because housing costs were rising)” (Expert 4: 0:39 min). Expert 8 mentioned that “the hostile language towards people without work was very straightforward during the New Labour period and that this form of language created misconceptions about possible frauds and interpreted these forms of fraud as massive attacks on the social security systems” (Expert 8: 12:40 min and 32:18 min). The basic concept of the welfare state was accepted by most politicians, but during the so called period of ‘economization of everything’ “the discussion about the dynamics of financing the welfare state and how a preventative welfare state should work became a big topic” (Expert 2: 1:00 min). In the UK “social security has three main functions: an extra cost function, and insurance function and poverty correction. There is also always again the question about whether the benefits should be universal or means- tested. The spreading neoliberalism created more and more new risk groups (Expert 2: 14:05 min).

Blair therefore introduced the ideas about an activating state, rather an active state with regard to welfare and the so-called welfare-to-work program. The variety of problems had to be addressed and usually the key to success is employment, or, as Blair put it: “Work is the best form of welfare” or “make work pay” which was one of Blair’s often cited catchphrases (Toynbee / Walker 2001: 10). The below cartoon expresses how the British politicians at the end of the 20<sup>th</sup> century and at the beginning of the 21<sup>st</sup> century started to bury parts of the welfare state at the expense of its citizens.



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Source: <https://dearkitty1.files.wordpress.com/>, (retrieved May 3rd 2015)

The market intruded every aspect of life, there were no limits and apparently everybody wanted to be a part of this market. Yet economics is not a value-neutral science. Therefore, a market also needs boundaries as can be seen by the Asian financial crisis at the end of the 1990s. In economics the market serves a different role than it does in the social and political sphere. In economics it is about supply and demand. In the social and political sphere, it is about needs. A market in these spheres displaces or suppresses norms and values such as freedom, justice and solidarity due to the individualisation, importance of performance and rising competition. The new politician's style of leadership is a reflection of this time-period where the primary motivation became power and staying in power (i.e. 'winner takes it all society', 'elbow-society'). The next cartoon shows this change of attitude. Schröder says: "If there is again a flood between September 18th and October 2nd in Dresden, we can do it...!!"

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Source: Stuttmann(10.9.2005): <http://stuttmann-karikaturen.de>, (retrieved May 3rd 2015)

This economic adjustment of the system, the neoliberal unification of the whole system suppressed the diversity and basic norms, values and needs of the society and turned it into a market society. As mentioned in Chapter 3, some citizens were unconsciously influenced by the changing media attention, and became a part of this new form of market by becoming economic shareholders (Telekom-share, penny stocks<sup>60</sup>, etc.).

The effects of this neoliberal system change in Germany did not start until the end of the first decade of the 21st century. In the social, education and health services in particular these changes can be seen in the increasing forms of

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<sup>60</sup> Penny stocks are shares whose value lies under one in a local currency. Especially during the years 2000 and 2001 the number of the penny stocks strongly rose and were traded (about 40 of 343 shares at the German stock exchange). In 2005 new delisting rules drastically reduced the number of penny stocks worldwide (c.f. Anna Trömel (21 April 2011): "Am neuen Markt sind Penny- Stocks gefragt". Handelsblatt).

accreditation, certification and controlling (a new form of bureaucratisation). For society, job insecurity and temporary contracts increased physical and psychological effects such as burn-out- syndromes, a rise in the number of sickness days, or the 'Attention Deficit Hyperactivity Disorder' (ADHS) in young people, etc. (see Expert 8: Intro and 49:00 min; Benach et al. 2014; De Cuyper et al. 2008; Sverke et al. 2002). The 'neoliberal social policies', which promote competition and more personal responsibility, such as the Agenda 2010 and the Hartz IV programmes in Germany increased these negative effects by building up the pressure for the individual. Within this new system of employment reform, the earnings of low- wage paid jobs or 'Mini Jobs' "are credited against unemployment benefits, so that only 15% of that income can be kept" (Loerzer 2004: 'ALGII' treibt viele in die Schwarzarbeit). The cartoon below shows the SPD politician Franz Müntefering, mainly responsible for the implementation of the Hartz programmes, at a doctor's surgery complaining about symptoms of "sleeplessness, shortness of breath and attacks of sweating".

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Source: Sakurai (2004) [http://www.sakurai-cartoons.de/cart\\_ord.php5?gross=898](http://www.sakurai-cartoons.de/cart_ord.php5?gross=898),

(retrieved May 3rd 2015)

So while New Labour successfully tried to 'make work pay', especially in the form of the minimum wage, Hartz IV can be described as the exact opposite. Furthermore, restrictions were introduced for the eligibility and time-frame for the receipt of benefit. All kinds of property assets, sometimes also those of relatives, had to be 'used up' first within certain boundaries- by potential beneficiaries before this social welfare, now called ALGII was paid out. Another innovation of Hartz IV is that jobless people would now have to take any job offered, with few exceptions. Although the Hartz programme contained several constructive aspects, such as the systematic support for the unemployed and more flexibility within the labour market, revisions to this reform are still necessary and should have been done more intensely after its implementation (Expert 1: 8:10 min/23:35 min/39:05 min/40:25 min).

Until the intrusion of the market into every aspect of our lives, performance was directly associated with work and how it served the common good. Within the secondary sector, industry sector work was easily measured by the production of goods. With the growth of the service sector, it was more difficult to measure and

compare performance. How can you measure and compare the performance and salary of a hedge-fund manager with the performance and salary of a nurse? What did this mean for the economy and democracy? Should there be a democracy compliant market economy or rather a market compliant democracy? These questions should have been raised at the time but eventually the triangle between the state, the market and the society started to dissolve and this had direct effects on values such as performance and responsibility. The following sections will highlight in full detail the discourses found in political manifestos and speeches given by the two leaders, Tony Blair and Gerhard Schröder in order to explain the mechanism that led to the changing attitudes towards the welfare state.

### **4.3. DISCOURSE IN POLITICAL MANIFESTOS AND SPEECHES**

Discourses have a past, a present, and a future. This basic idea is very helpful in examining texts as components of discourses, since, on the one hand, the knowledge of past discourses belongs to the past, and, on the other hand, the analysis of current discourses permit projections of future developments within certain limits (refer to Jäger 1994: Preface<sup>61</sup>).

To better understand the discourse under Tony Blair and Gerhard Schröder this section reveals the analysis of the most relevant speeches and manifestos of the two social democratic leaders during the given time period to provide a textual evidence for the changing attitudes towards the welfare state and to strengthen the empirical analysis. In general, given statements in political speeches, especially Leader's speeches are able to influence and inspire audiences and if they are convincing they might be able to change the way people think, feel and act. The analysis of these speeches focused on finding key topics and themes mentioned in the speeches, on the relevance given to each topic and how these key issues have changed or developed over time. The first section 4.3.1 will compare the political manifestos of the two parties, the Labour Party and the SPD, while section 4.3.2 will examine in full detail at the speeches and statements given by Tony Blair during his time in government. Section 4.3.3 does the same with Gerhard Schröder's speeches. In section 4.3.4, a comparison of the speeches will show in which way they were similar and/or different.

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<sup>61</sup> Jäger Siegfried (1994): Eine Anleitung zur Analyse politischer Texte. Mit zwei Musteranalysen. Duisburger Institut für Sprach- und Sozialforschung. DISS- Texte NO. 16 (5).

### 4.3.1. MANIFESTOS COMPARED

A direct comparison of the political manifestos of Germany and the UK is difficult, since the idea behind the contents mentioned in these political manifestos differ. Labour published so called election manifestos- in 1997, 2001 and in 2005, while Germany focused on basic programmatic programmes- like the famous Godesberger Programme from 1959 and the 1998 (amended version from 1989) Berlin Programme. By comparing the manifestos, one can pinpoint specific topics/themes, but they are not really comparable due to the basic idea behind it and also the number of pages of each manifesto.

	Labour Party Manifesto 1997	Labour Party Manifesto 2001	Labour Party Manifesto 2005	Godesberger Programme 1959	Berlin Programme 1989/1998
Searched key topics/ themes	No. of references	No. of references	No. of references	No. of references	No. of references
Wandel/change	27	31	33	0	12
Sozialstaat/welfarestate	5	16	3	1	18
Verantwortung/responsibility	16	12	10	19	32
Gerechtigkeit/justice	6	8	17	9	17
Solidarität/solidarity	0	0	0	6	23
Freiheit/ freedom	5	9	10	47	52
Möglichkeit/opportunity	6	21	36	5	26
Gemeinschaft/community	10	13	33	13	60
Leistung/performance	6	4	4	11	46
Arbeit/employment	23	43	31	49	376

**Table 11: Summary of analysis of relevant manifestos compared (own table)**

While in the 1997 British manifesto (23 pages) the topic of change, responsibility and performance stands out, there was a significant increase of topics such as the welfare state, opportunity and employment/unemployment in 2001 (36 pages). By 2005 (56 pages) the issue of responsibility has steadily decreased, while the issues of change, justice, freedom, opportunity and community gained prominence. The overall impression from the last manifesto is that a lot had been done politically to improve the overall situation of the British people during the past years in governance. The focus on more opportunities for the community within a just society stands out.

Whereas the Godesberger Programme was the programme that changed the SPD from a general worker's Party to a catch-all party, the two most relevant topics for the society after the Second World War period were freedom and employment. Yet the economy started to grow (economic boom) in Germany after the Second World War and the country needed to get rebuild the issue of unemployment was not really a topic. One of the reasons for this might have been due to the fact that the Godesberger Programme has only 20 pages, while the amended Berlin Programme

has 62 pages, so almost triple the size. Hereby the number and relevance of topics like employment, responsibility, opportunity, freedom, justice and solidarity in those two programmes might just vary due to the number of total pages.

After the Second World War Germany prepared itself to reposition itself in European politics and economy; the situation after the fall of the Berlin Wall was not dissimilar. Even more effort needed to be taken due to globalisation and the high numbers of unemployed people (structural unemployment) put a lot of pressure on the community to perform and act in a solidary and responsible way.

While the comparison and the analysis of the programmes and manifestos of the two parties did not really reveal the full extent of discourse and was therefore not persuasive, the next sections will show more precisely and in full detail the most relevant topics and themes of Labour Leader Tony Blair and SPD leader Gerhard Schröder and their impact during the given time period.

#### 4.3.2. SPEECHES BY TONY BLAIR

To get the full extent of information regarding the discourses of the time, the below table is a summary of the analysis of this author of the most relevant Leader's speeches of Tony Blair on particular key topics and themes. The speeches were given in a time frame from 1994 until 2006 on various party conferences. As mentioned in Chapter 1.3.1.2 the speeches were compared and examined by searching for specific key topics and themes relevant for this work and to explore the individual statement and thinking and to apply and relate it to the given research questions.

	Blair Leaders speech 1994	Blair Leaders speech 1995	Blair Leaders speech 1996	Blair Leaders speech 1997	Blair Leaders speech 1998	Blair Leaders speech 2000	Blair Faith in Politics speech 2001	Blair Leaders speech 2004	Blair Leaders speech 2005	Blair Leaders speech 2006
Searched key topics/ themes	No. of ref.	No. of ref.	No. of ref.	No. of ref.	No. of ref.	No. of ref.	No. of ref.	No. of ref.	No. of ref.	No. of ref.
Wandel/change	31	17	13	16	13	7	2	25	26	15
Sozialstaat/sozial// welfare state/welfare	6	6	5	5	10	1	2	3	1	2
Verantwortung/ Responsibility	17	4	6	2	0	1	9	0	0	4
Gerechtigkeit/justice	8	4	2	7	5	1	1	2	7	2
Solidarität/solidarity	2	1	0	1	1	0	0	1	2	2
Freiheit/ freedom	0	2	2	0	0	0	0	3	1	2
Möglichkeit/opportunity	8	3	2	3	1	3	1	12	2	3
Gemeinschaft/community	11	3	1	1	8	1	18	6	3	1
Leistung/performance	0	0	2	0	1	1	0	0	1	0
Arbeit/employment	9	8	2	0	3	9	2	3	5	4

Table 12: Summary of analysis of relevant leader's speeches of Tony Blair (own table)

The first speech that will be examined is the 1994 Leaders speech (in Blackpool). In his 1994 Leaders' speech Tony Blair talks about the importance of a strong and stable economy, a market for everybody. As seen in Chapter 3 about changing dynamics and Figure 16 below the UK experienced at the beginning of the 1990s a recession that derived after a 'boom' period of high economic growth and rising inflation.

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**Figure 16: Economic growth development in the UK, Source: ONS**

Due to this past experience in regards to the British economy Blair wanted to achieve a stronger market for everybody by increasing a sense of shared responsibility- a country with a chance for more opportunity and more justice (Blair '94: 3). Blair reaffirms that with opportunity there must come more responsibility, shared by all- families, households, the market, politics and the society. The language becomes hostile when he says that "responsibility applies especially to those who defraud the state of benefits". In other words, if you want to earn, you have to learn (ibid: 4). If one wants to live in a prosper country, one has to show engagement.

The notion of more shared responsibility goes even further according to the 'Social Justice Committee'<sup>62</sup>. The Social Justice Committee called for a new civilian service, a voluntary national task force- because working for the country is something useful for the community and personally fulfilling, to instil that sense of responsibility that alongside opportunity both require fairness and justice. This reaffirms that the Third Sector started to grow with the initiative of the Commission during the mid-1990s (ibid: 5). Blair states that "a strong and active society needs to be founded on four pillars: opportunity, responsibility, justice and trust [and] as part of justice- make work pay" (ibid: 5). All of these propositions started to shift the overall production of welfare within the British welfare system.

Furthermore, Blair mentions that for years under the Tories there were always complaints that the welfare state costs too much. Yet Blair points out that people on

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<sup>62</sup> On December 1992 John Smith, elected Leader of the Labour Party announces the launch of the Commission on Social Justice. Between 1992 and 1994 the Commission published a variety of reports on the issue of social justice. On 24 October 1994: Blair launches Commission's final report on 'Social Justice: Strategies for National Renewal'.

benefits need help getting off them, because “welfare should be about opportunity and security in a changing world”. He says that you need to change the whole system. Rather money should be saved by offering more opportunities, and since opportunities most of all concern jobs, responsibility is shifted again to the market (Blair '94: 5). Blair hereby emphasises a lot on the topic of change. The welfare state has to change because the world is changing. Labour wants to reform, change and modernise the welfare state, because they believe in it. They do not want to dismantle it. Cutting benefits is therefore not the solution. “Rather put welfare to work, because a nation at work is a nation not on benefits” (ibid: 5).

While some responsibilities from the market were to be shifted to households or the Third sector, Blair also admits that some responsibility still has to stay with the state in offering opportunities such as education and public services. He says that first of all education needs to be modernized by new technology in order to connect education with work and to provide the quality of opportunity for all (ibid: 4). Furthermore, he says that not everything should be privatized, not everything can be left to the market- there have to be public services as well. The bureaucratization or the so-called heteronomy through privatisation (i.e. in forms of certifications, accreditations, etc.) has to be minimized in the area of health services, education, police, etc. The UK needs strong public services (ibid: 5). Less individualisation, and more community again, more working together (ibid: 2). Blair states that for years the Tories undermined stable family life, because they viewed families as individuals, left alone to themselves. Yet the essence of family life is that you are not on your own and community is not a piece of nostalgia. Blair refers to a new form of socialism where people care for another and where there is a strong community of people with common aims and values. (ibid: 3). Blair hereby reaffirms the importance of shared responsibility for households, companies and politicians (ibid: 4). This vision confirms the switch to a more shared welfare production for all sectors within the UK, a shift towards more support from the state and a more regulated market.

Three years later, in a 1997 election speech (in Brighton) Blair still talks a lot about the need for change and modernization. He points out that “modernization is not an enemy of justice it is an ally” (Blair '97: 5). There needs to be a fundamental reform of the welfare state, of the deal between citizens and society (ibid: 3). It became very clear for Labour- after getting back in power after many years being in opposition- that the country needed to find a new balance between the market, the

society and politics. The welfare state needed to be reformed, not by increased spending and more benefits, rather by sharing responsibility and offering more opportunities to get off welfare. This emphasizes the changing attitude towards the welfare state.

One year later Blair mentions in Blackpool his initiative to reform the welfare state which mainly focused on the reform of measures to strengthen the family, the reform of the education system, pension, etc. (Blair '98: 1). The New Deal Programmes, as well as the Family Tax Credit are only two examples of introduced policies under Blair. In his speech he also mentions two problems that still exist. First of all, he states that still billions of benefits are wasted every year through fraud and abuse. On the other hand, he says that the problem also still lies within the 'old' welfare state system, where a system of unemployment benefit asks not how to get people into work, but how to get them onto benefit (ibid: 2). He argues that this is not about dismantling the welfare state and that it is not betrayal to think about the reform of the welfare state system. Labour believes in its basic principles, purposes and values- but the system needs to change (ibid: 2).

In his 2000 Leader's speech (in Brighton) Blair can already talk about some success of implemented reforms. After three years in power he says argues that the UK has the lowest inflation rate in Europe, good employment rates, a budget surplus and the New Deal programme and the Working Family Tax Credit. In addition, he claims that the expansion of childcare and (educational) training immensely improved the situation of UKs citizens (ibid: 4). But he also says that this is not the end of the reforms of the welfare state. The next steps include the reform of schools, the NHS, try to end child poverty and gain full employment to renew the country (ibid: 1).

The topics of Blair's Leaders speech in 2001 (Faith in Politics in London) centred upon the importance of individual responsibility in combination with the importance of the community and faith groups and voluntary activities. Responsibility has to be seen from a new perspective, a perspective where the "self is best realised in community with others". (Blair, '01: 1-2). Furthermore, he points out, that politicians are a socio- political mouthpiece of the national community and "equal worth, responsibility and community" are three fundamental values Labour is standing for (ibid: 1).



In his 2004 speech in Brighton the values Labour promoted were “fairness, justice, solidarity and opportunity for all (Blair, '04: 1). Labour points out that “the reality of life has changed [and] the relationship between the state and citizen has changed (ibid: 6). Blair talks about a new welfare model for the 21<sup>st</sup> century. He says that the “20<sup>th</sup> century traditional welfare state that did so much for so many has to be re-shaped as the opportunity society capable of liberation and advance every bit as substantial as the past but fitting the contours of the future” (ibid: 6). He argues that British society needs is a just society and a strong community. Blair says that “in an opportunity society, as opposed to the old welfare state, government does not dictate; it empowers. It makes the individual- patient, parent, law- abiding citizen, job-seeker – the driver of the system, not the state” (ibid: 6).

The future is not about a society “where all succeed equally [...] but an opportunity society where all have an equal chance to succeed” (ibid: 5). A so-called opportunity society. This eventually changes how “governments work, to open up the means of delivery of every resource, public, private and voluntary that can deliver opportunity based on need not wealth” [...] Fairness in the future will not be built on the state, structures, services and government of times gone by. Their values remain [...] but the reality of life has changed” (ibid: 6). This specific change in life therefore changes how people interpret specific basic values and apply them to their new form of lifestyle.

In the 2005 election speech in 10 Downing Street the topic of change is still a relevant one. Blair states in his speech (05':1) that New Labour focused on “a fundamental recasting of progressive politics so that the values we believed in became relevant to the time we lived in. In the late 20th century, the world had changed, the aspirations of the people had changed; we had to change”. Change therefore also affected the values of people and these had to adapt to these changes. On page 2 Blair states it the following way: “Values don't change. But times do. And now, as before, our values have to be applied anew in changing times”. At the same time this change is affecting the economy: “globalisation needs “an open, liberal economy, prepared constantly to change to remain competitive” (Blair, '05: 3).The party therefore has to stand up for specific values such as solidarity, social justice, equality, fairness and “in opportunity not for a privileged few but for all, whatever their start in life[...] furthermore for tolerance and respect, in strong

communities standing by and standing up for the weak, the sick, the helpless” (ibid: 1, 10).

In Blair’s last relevant Leader’s speech in 2006, he claims that the country was “aching for change” (Blair ’06: 1) and eventually did in all terms. The country had changed economically, politically and socially and the party “proved that their courage in changing gave the British people the courage to change” (ibid: 5). He further claims that in the long run people needed to realize that “economic efficiency and social justice are not opposites but partners in progress” (ibid: 4).

To sum up, Blair’s speeches give a good overview about the discourses that took place starting with the mid- 1990s until the end of Blair’s term. A lot of discourse centred upon the topic of change- and the resulting changes and effects from this change. This included changes in the interpretation of the basic values and changes regarding forms of responsibility and performance, as well as in the definition, function and value of work supported by new forms of opportunities.

#### 4.3.3. SPEECHES BY GERHARD SCHRÖDER

The below table is a summary of the analysis of the most relevant political speeches given by Gerhard Schröder. The speeches were given in a time frame from 1998 until 2005 on various party conferences. As mentioned before and in Chapter 1.3.1.2 the speeches were compared and examined by searching for specific key topics and themes relevant for this work and to explore the individual statement and thinking and to apply and relate it to the given research questions.

	Schröder Election speech 1998	Schröder Election speech 2003	Modern Family politics speech Schröder (18.04.2002)	Flooding catastrophe speech Schröder (29.08.2002)	1 year anniversary Agenda 2010 speech Schröder (25.03.2004)	Vote of confidence 01.07.2005 speech Schröder
Searched key topics/ themes	No. of references	No. of references	No. of references	No. of references	No. of references	No. of references
Wandel/change	1	1	0	0	1	2
Sozialstaat/sozial// welfare state/welfare	53	37	2	1	19	6
Verantwortung/ Responsibility	17	24	10	1	11	4
Gerechtigkeit/justice	20	3	4	2	9	5
Solidarität/solidarity	7	4	0	6	0	2
Freiheit/ freedom	4	1	2	0	6	1
Möglichkeit/opportunity	3	9	6	2	3	4
Gemeinschaft/community	5	4	0	2	0	0
Leistung/performance	39	21	1	8	8	1
Arbeit/employment	98	94	12	5	27	1

Table 13: Summary of analysis of relevant speeches of Gerhard Schröder (own table)

In Gerhard Schröder's government declaration from 1998 Schröder talks about enormous challenges and tasks for his party that lie ahead. In the below figure about the economic growth development of Germany from 1992 until 2011 one can clearly see the ups and downs of the real annual German GDP growth rate. The topic of this steady up and down was of great importance for the governing administration during this time, since it had a major influence on Germany's economic position within Europe.

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**Figure 17: Economic growth development in Germany, Source: <https://www.destatis.de>**

After gaining power in 1998 the SPD's and Schröder's focus was foremost on the economic performance and efficiency, the modernization of the state and the economy, the restoration of social justice and the reduction of unemployment by preserving jobs and offering new opportunities (Schröder '98: 1). At the same time, Schröder pinpointed in hostile terms that people who do not perform or abuse state services must be driven back. The focus should be on people in real need (ibid: 2), since the state of Germany cannot afford this form of injustice and inactivity (ibid: 19-20).

Schröder consequently states that the improvement of the German economic and welfare system cannot be the whole responsibility of just the state. Everybody needs to be part of it and the more people support this new form of commitment for sharing responsibility, the better will be the success of the reform of Germany's society (ibid: 4).

Part of the crisis Germany experienced at the end of the 1990s had to do with a changing working life and the changing definition of gainful work (ibid: 21-22). Foremost these new forms of performance need to be of quality (ibid: 4; 18). In particular, new jobs in the service sector need to be socially recognized and accepted as something gainful (ibid: 19-20) and everybody has to think of ongoing training and a continuing process of learning. At the same time the social system has to adapt to the new changed reality- the reality of a changed definition, function and value of work (ibid: 21-22). Schröder therefore demands more self- responsibility from all, but at the same time does not really admit that the basis for this would be in the

responsibility of the state. He rather pushed this responsibility even further away from him by introducing a new form of political action (Schröder '98: 3).

To support better performance, he introduced the “Bündnis für Arbeit und für Ausbildung” (see also Chapter 2.2.3) which was supposed to reform the existing welfare system, including combating unemployment by a form of shared responsibility on the part of entrepreneurs, unions and other social organisations (ibid: 16). In addition, Schröder talks about a form of politics that promotes self-responsibility and opportunity (ibid: 3-4), but at the same time he states that this is foremost depended on the diligence, the intelligence and sense of responsibility of all Germans (ibid: 36). The engagement of many in the Third sector is an important factor for social cohabitation and independent organisation of the social (ibid: 29). The social net should be, according to the SPD, rather a trampoline (ibid: 18). One can therefore see the shift of responsibility regarding the production of welfare more towards the Third sector, households and the market.

One legislative period later, in 2003, in Schröder's second government declaration he again mentions that all of the above intentions and propositions need to be further extended. One main theme, to convince his voters, was that it was time for show “courage to change”, in an even more concrete and radical way than already proposed in 1998. On Page 1 of his speech Schröder makes his views clear: “we will reduce the social services of the state, while promoting individual responsibility and demanding more personal contribution (Schröder '03: 1). Again-everybody needs to perform and this will mean a tremendous collective effort. Hereby he speaks mainly of the society, entrepreneurs, employed people, freelancers and pensioners (ibid: 1).

He stresses that there has to be a radical change within the socio- economic system including all parties involved (like employees, employers, entrepreneurs, working councils and unions, etc.) and at the same time a modernization of the traditional social market economy. Schröder points out that the structure of the welfare system has not really changed in 50 years, and some “instruments of the social security systems actually do lead to injustices within the system. He affirms that the substance of the welfare state will be retained, but that there is an urgent need for the reconstruction of the existing welfare state system (ibid: 4-5). This includes the renewal of community financing, a new form of responsibility in

businesses and companies or other forms of enterprises, responsible work councils, etc. (ibid: 7-15). He also advocates a new form of responsibility within the health care system and that of the citizen. Schröder points out that a “mentality of self-service has displaced the feeling of solidarity” (ibid: 20) for years and precisely because of this, self-responsibility must be strengthened. Schröder therefore decided to implement instruments such as the practice- fee and co-payments for medicaments or dental treatments (ibid: 23).

Schröder started to introduce his Hartz IV policies in 2003. The topics regarding forms of changing responsibility and welfare reforms are mentioned again in full detail in Schröder’s First Anniversary Agenda 2010, Speech in March 2004. Hereby one can see an obvious change of attitude towards the welfare state with radical changes. On page 6 (Schröder ’04) Schröder states the following:

“The measures, which we have agreed in part, show first successes. In the health care sector we achieve structural improvements, during medical visits and referrals, but also by deductibles for medication and in the establishment and expansion of health centres. In this way, billions of euros can be saved. But the structural success is much more important, since health begins with medical screening. This means that every individual is responsible for himself”.

The same applies to education and training and new possibilities of employment (Schröder ’04: 12). A successful model of business, working and living together “is based on the co-operation between the state, the economy and the employees, who bear co-responsibility and therefore have a right to have a say”. This model is the key to Germany’s sustainable and future competitiveness (ibid: 12). Schröder hereby demands a new relationship of freedom, responsibility and security. While in the past, according to the SPD, the state was mainly responsible for the basic values of freedom, justice and solidarity these forms of interpretation of justice changed.

Many discussions after the introduction of the Agenda 2010 policy centered upon the notion of justice. It was argued that what was needed was a new form of discourse about the understanding of justice. For Schröder this included a discourse about a generational justice (ibid: 12). He states very clearly on page 12:

“This is the purpose of the Agenda 2010, which is precisely to not consume resources today, but to also invest them so that our children and their children get and have life opportunities. This corresponds to a greater responsibility of each individual for himself in the current generation, but also for his life partner and his family, and not least for the community.

This is the reason why the slogan is: To overcome egoism and to promote new forms of community spirit”.

All of this needed to get supported by all forms of new opportunities. First of all, by “investing more in the abilities of the children and by giving mothers the opportunity to have a family and work at the same time” (i.e. nursery schools and whole-day schools) (Schröder '04: 9).

In summary Schröder’s speeches also focused mainly on discourses centred upon changes in the interpretation of work, on new opportunities and on the responsibility to perform. The new definition, function and value of work therefore demanded new forms of welfare policies and therefore a radical programmatic change which included new forms and interpretations of the basic values. At the same time the traditional forms of political conduct started to alter.

#### **4.3.4. THE SPEECHES COMPARED**

If we compare the relevant speeches, as seen above- one thing becomes striking. The focus of Blair’s notions was definitely on change and possible new opportunities offered by the state to improve the situation of the British society, while the focus of Schröder’s speeches were more on the existing welfare state and the necessity for the German society to take more responsibility and to perform better as before.

In this way it becomes clear that Blair emphasises was on the need for the government to implement changes that offer more opportunity for the community, while Schröder displaced forms of state responsibility by demanding more performance from the individual in forms of self- responsibility and responsibility for others. In this form the attitude towards the welfare state changed within both countries, towards a state that needed to adapt to the newly developed society, but it also transformed the two existing welfare state systems in two diverse ways, that at the same time led to more balance within the production of welfare in both states.

Furthermore the analysis made clear that the political, social and economic challenges experienced, changed the notions of the traditional social democratic values. A change in the interpretation of values is usually is a long and subconscious process and therefore the significance of these respective values has to be clarified. Because values like responsibility or justice offer a lot of space for interpretation, the clarification of meaning is necessary and challenging at the same time. This is the

only way to get a concrete understanding of values. The next sections will therefore reveal which effects the mentioned changes had in consequence on the basic values of social democracy and on the existing welfare state system.

#### **4.3.5. SUMMARY**

The analysis of the speeches of Tony Blair and Gerhard Schröder, as well as the expert interviews (mentioned throughout the analysis in Chapter 3 and 4) as a supportive instrument of analysis revealed a special form of discourse. This analysis pinpointed which forms of discourse took place during the period from 1990 to 2010. The above-mentioned themes and topics are summarized in the Appendix III, IV, VIII and IX. The next sections will focus on the changing basic social democratic values and its effects on the, until then existing welfare state.

#### **4.4. CHANGING BASIC VALUES**

At the end of the 20th century European societies underwent dramatic changes in relation to the nature of work. The debates about the theoretical concept of self-responsibility and performance, in the form of reintegration into the labour force, were simultaneously a debate about a new public-private mix of benefits within the welfare state. Nonhoff and Wiesner (2005) see self-responsibility as a form of optimization of the social security system. In reality it was about a redistribution of rights and obligations. The system changes implied that individuals had or should have enough financial resources and information for a private provision of welfare, but the rising unemployment during the 1990s had changed the life of people dramatically and, because of the spreading of marginal employment, gainful work no longer provided living wages (Rhein et al. 2005 in Aust et al. 4/2006: 188).

The radical change to the world of work had significant effects within society and produced new risks and chances. It is precisely in this controversy and dialectics of risk and opportunity that Ulrich Beck and Anthony Giddens understand the processes of change in (reflexive) modern society. Individualisation is understood as a 'historically contradictory process of nationalisation' (cf. Beck: 119 and Giddens: 21 ff./79 ff. in Jain et al.: 16). Social values were changing and at the same time, new forms of poverty and inequality appeared. Traditional norms, values and role patterns lost their viability; previous safety mechanisms lost their functionality. This change marks the beginning of the discourse about a new definition, function and value of work that eventually changed the basic values of freedom, justice and solidarity.

These changes offered on the one hand new opportunities for development, and on the other a feeling of being overwhelmed through the new diversity of life options and the fear of losing sight of one's goals (Englisch 2001: 124 ff.). Many values that in the past gave stability and security lost their importance. This rapid change in values produces feelings of stress. This stress can take many forms, including a growth of freedom or the fear of the dismantling of social security (Fritzsche 1998: 7 ff.). A growing global society stood opposite the traditional welfare state and while some saw this development as a chance, others felt it to be a threat (Giardnini / Liedtke 1997: 15 ff.). The insidious transformation of the old values of freedom, justice and solidarity was obscured by the pressing issue of the economisation of society.

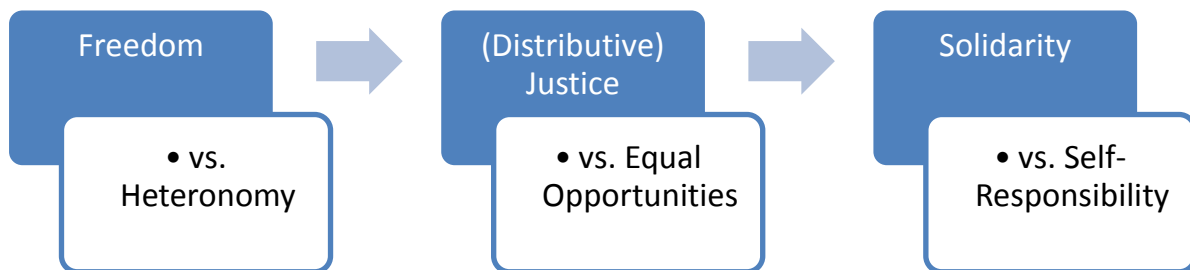


Figure 18: Old versus New Values of Social Democracy (own figure)

#### 4.4.1. OLD FREEDOM VERSUS NEW FREEDOM- FREEDOM VERSUS HETERONOMY

The value of freedom is the foundation that gives people in western democracies faith and the possibility to live a self-determined life. Everybody must have the chance to unfold their abilities and to help responsibly in society and politics. Only if one feels socially secure, can one feel free. These are the old values of freedom that mainly existed until the 1990s.

Neoliberal talk about more freedom for the markets, the so called deregulation of the markets actually opened the door for a public- private share of welfare and increased the monitoring of the state within all social sectors. It actually led to less freedom through more regulations, and decreasing social security. This form of monitoring and heteronomy (in German the term would be called: "Fremdbestimmung") invaded all aspects of people's lives (see Expert 01: Intro,



49:00 min). Examples of this heteronomy can be seen within the health care sector, the social sector and the education sector in the form of more supervision, accreditations, certifications, etc., as well as in the benefits system in the form of more means- testing.

The UK universal welfare system has been dealing for quite a while with the method of means- testing. Means testing is a determination of whether an individual or family is eligible for government assistance, based upon whether the individual or family possesses the means to do without that help. The British post- war welfare system created by William Beveridge was opposed to means-testing, since it can serve to keep people in a poverty trap, by removing social support (c.f. Mosley; Lenton 2012: 1-3). Today, means-tested benefits are a central feature of the benefit system in the UK, and also in Germany with the introduction of Agenda 2010, and especially the Hartz IV reform (see also Chapter 3.3).

With the introduction of the nursing insurance system in Germany in 1995 the health sector in particular was affected by heteronomy. This reform led to an increasing number of private services on the nursing market as well as new legal and organizational conditions that were perceived as very restrictive (Büscher/Horn 2010: 5, 7). Figure 19 shows the variety and number of utility providers of hospitals in Germany from 1990 until 2005. One can see a significant increase in the number of private hospitals.

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**Figure 19: Utility providers of hospitals in Germany, 1990-2005;**  
**Source: Pflegestatistik 2005 (c.f. Eckert- Kömen 2007: 23)**

With this increase in new private providers of health care, there was also a need for more monitoring. The foundation of the German 'Kooperation für Transparenz und Qualität' (Cooperation for Transparency and Quality) (KTQ) in 1997 was one of these monitoring organisations that focused on official transparency and quality. It eventually became a legal obligation for all health care facilities to introduce a quality management system and demonstrate it in the form of a national and international accredited quality management certification (c.f. §§ 135 a, 137 SGB V).

The same form of spreading of heteronomy can be applied by the education system in Germany. The legal and binding basis for the introduction of Bachelors and Masters Programmes in Germany was established with the amendment of the University Law (Hochschulrahmengesetz, HGR) in August 1998, which also introduced general tuition fees for all students for the first time in the history of Germany. In 2002 all of the conservative-ruled federal states complained against this law, as they saw in it an inadmissible intervention in the competence of their educational and cultural legislation. The Federal Constitutional Court confirmed that this intervention of the German parliament was not justified in 2005. This reform (in compliance with the EU Bologna process) was also the beginning of the introduction of accreditation for state or state- accredited universities.

All of this heteronomy made politics even more complex, (Expert 01: 23:35 min) and it produced even more risk groups (Expert 02: 14:05 min). In the past the benefit systems of the welfare state felt more like a reduction in poverty in the UK and a safety net in Germany. The retreat from the state in forms of welfare provision and the levelling down developed into a form of state monitoring of state- free organizations and agencies (Expert 4: Intro, Expert 05: 0:39 min/25:10 min/27:39 min). The welfare state system therefore tied the citizen to its base and minimized their basic values of freedom and changed the old values of freedom to a form of heteronomy.

#### **4.4.2. OLD JUSTICE VERSUS NEW JUSTICE- DISTRIBUTIVE JUSTICE VERSUS EQUAL OPPORTUNITIES**

“Justice is a social principle of a society and concerns the organization of institutions, on which the share of life chances depends” (c.f. Heinze in Meyer/Vorholt 2004: 42-43). Justice means equal access to education, employment, social security, culture and democracy, and to all public goods. Therefore, justice requires greater equality in the distribution of income, wealth and power. During the 1990s, this form of distributive justice for everybody was replaced by equal opportunities for everybody regardless of race or gender.

The discourse about social justice within the modern welfare state confirms that the modern welfare state (of the 21<sup>st</sup> century) also has a cultural function. The British liberal welfare state model for example consists of rather simple concepts of justice. “In the centre of the most important classes of insurances stand the principle

of equivalence, the coupling of the individual contribution measured by the income in accordance with the amount of social benefits. These concepts are less egalitarian and morally less demanding than the continental (more social democratic) European welfare states, which involve more elements of redistribution” (c.f. Heinze in Meyer/Vorholt 2004: 35). The question that remains is in which form this redistribution should take place?

“Welfare politics contributes to the warranty of a just social order and therefore maximises the legitimacy of the state and the society” (c.f. Heinze in Meyer/Vorholt 2004: 35). The basic values stated differ depending on the welfare state. In the institutional features of each welfare state model there are different cultural factors, guiding principles as well as joint impressions of equality and justice. With the changing values in the working and economic spheres forms of distributive justice converted to forms of equal opportunities. Yet this form of equal opportunities is associated with those that are already performing or are able to perform within the state. Performance therefore stands for work performance in the economy and for gainful work and must be recognized and respected.

One of the central problems of the German system is, for example, that the German social insurance system is an employment centred work society (with a rather patriarchal, a male-breadwinner model) (c.f. Expert 03: 19:10 min). In contrast many of New Labour’s provisions, such as the New Deal or the increased social benefits, were financed by an economic upswing or by creative measure such as the windfall profit tax<sup>63</sup>.

The increasing complexity of the welfare state system and the rising number of risk groups such as the unemployed, employed families with and without children, etc. create the need for a new form of welfare distribution. There are many outsiders that are not able to perform and therefore do not have equal opportunities since they cannot participate within the system. The spreading discourse in the UK as well as Germany about ‘insiders’ and ‘outsiders’ within the neoliberal welfare state (cf. also Spindler 2005; Funk 2001, Expert 8: 2:53 min) is highlighted by one specific socio-political discussion. The goal is to radically change the “inflexible social rights and labour legislations for ‘outsiders’ and ‘insiders’ of the job market” (Spindler 2005/200; Funk 2001). If a specific group of people is specified as outsiders, they are cut off

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<sup>63</sup> The windfall tax refers to a benefit tax of privatised utilities.

from essential social and economic rights. In the context of these processes so called 'outsiders' are increasingly confronted with the necessity to participate in the market and in consequence this process questions the social bases of democracy.

Hostile language towards people (especially the unemployed) who, allegedly, did not contribute to society started to spread: "It is not the welfare state that is antisocial, rather the society [...] for many it is more comfortable, to get money from the state rather than to make an effort and perform. This is the real injustice for everyone who works" (Herzog 1997). Within the political discourse, competition usually gets associated with positive catchwords like innovation, efficiency and commitment (Musil 2005: 4), but with the commonly used hostile language towards the unemployed and undeserving poor throughout the period from 1990 to 2010, performance and competition were indirectly associated with something negative.

Processes of social exclusion therefore started to dissolve the democratic bases of the society, and also questioned the basic values of the welfare state and the social order. The old values of the needs-based and performance justice are not enough anymore. New values such as generational justice and equal performance, etc. started to invade the sphere of the welfare state. The employment system of the welfare state needed to be adapted to the new forms of work (part- time, low wage etc.) and service sector society in order to reform it institutionally and consequently increase employment.

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**Figure 20: Qualification-specific unemployment rates, international comparison (2010)**  
**Source: OECD (2012), table A7, 4a**

The rate of unemployment among those with no degree or limited educational background is much lower in the UK (at about 11%), than it is in Germany (at about 16%). This suggests there is more equal opportunity in the UK than in Germany and supports the theory of why the Gini codex<sup>64</sup> in the UK is actually decreasing. It gives people, even with no or limited forms of education, more chances to participate in the

<sup>64</sup> The Gini codex is a statistical standard that can be used to measure the inequality of a distribution, for example income inequality. To measure inequality, it uses values between 0 and 1. The higher the value is the stronger the measured inequality. A Gini- coefficient of 0 therefore describes the most balanced distribution of income.

market (cf. Raddatz 2012: 7). These forms of opportunities should exist in Germany as well, as one Expert (01:48:10 min) states: “even if people have a different societal and educational background (prerequisites) there is an urgent need for an opportunity for all”. Those that are at the bottom might not be able to even compete since they do not have the same measures or capabilities, and therefore are marginalised even further. Those who are employed fear competition as their status is at risk (cf. Aust et al. 2006: 187-189). Competition therefore increased the pressure on the individual and at the same time decreased solidarity.

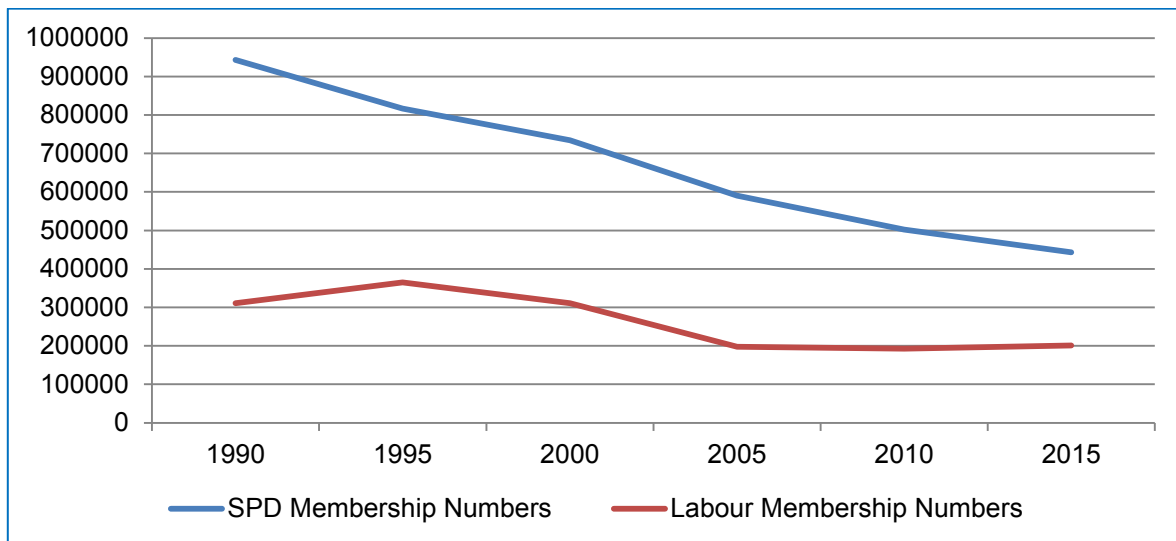
#### **4.4.3. OLD SOLIDARITY VERSUS NEW SOLIDARITY- SOLIDARITY VERSUS SELF-RESPONSIBILITY**

The original definition of solidarity is the willingness of people to stand up for each other and to help each other. Solidarity is a strong force that holds our society together and guarantees within the welfare state a politically organized sense of community, but it is also world phenomenon, a feeling of human affiliation in communities.

Notions of solidarity seemed to erode at the beginning of the 1990s. While in 1974 about 40% of the German population wanted to show engagement for the creation of a better society, only about 30% did so at the beginning of the 1990s (c.f. Köcher 1994 in Hepp 1994: 122). In the past solidarity was therefore associated with close bonds among families (households), friends and colleagues, at the beginning of the 1990s these values were replaced by personal fulfilment and feelings of competition. Expert 04 mentions that during the 1990s one could feel a different kind of leadership/management style appear within the world of work, as well as fewer feelings of consensus and cohesion and diminishing amounts of teamwork. A so called “‘winner takes it all society’ came to prevail” (Expert 6: 11:22 min). This new interpretation of solidarity that included self- responsibility and performance was promoted by the economization of everything. The consequence of the changes within the economic sector was the individualisation of work, and with it also the individualisation of society (c.f. Beck 1986).

The change in the value of solidarity can also be seen in the form of massively shrinking numbers of members of political organizations such as parties, unions or associations during the 1990s until about 2010 (c.f. Heinze in Meyer/Vorholt 2004: 44; c.f. Expert 03 and Expert 08). In comparison to Germany, the number of

members within the Labour Party started to increase again since 2010 mainly due to a new wave of active and convincing Labour politicians throughout the country (i.e. the Corbyn effect<sup>65</sup>).



**Figure 21: Decrease in numbers of Labour and SPD members, 1990-2015, Source: Statista (own figure)**

This decrease in membership numbers can be associated with the decrease in trust in these forms of organizations. Since everybody was now more responsible for themselves, only those who had extra capacity could participate and engage in such organizations. In addition, “solidarity within families and informal networks, solidarity became more a form of voluntary commitment and involvement especially within the new institutions of the third sector” (c.f. Heinze in Meyer/Vorholt 2004: 42-43).

While in the past the caring of elderly or young children under 3 years, were cared for by the community (for example churches or other Christian organizations) or households, some of the Experts interviewed (1, 2, and 4) mention that with the above- mentioned changes, a broad network of public- private organizations within the third sector such as foundations, and other charity organizations started to grow and offer a variety of new voluntary services. The growth of the third sector and private organizations started during the early 1990s in the UK, and a little later in Germany in the process of the introduction of a ‘mixed economy of welfare’ (c.f. Expert 01: 50:00 min; Expert 04: Intro, 25:05 min; Rifkin 2002: 190 ff. and 212 ff.). Their growth was especially prominent in areas where non-profit organizations

<sup>65</sup> c.f. Ewen MayAskill in the Guardian (13 January 2016): “Revealed: how Jeremy Corbyn has reshaped the Labour party”.

participated in the provision of welfare services, such as health care and education in order to support public institutions such as schools and hospitals.

Macmillan (2010: 2) argues that the “the third sector is a hugely contested terrain. This includes whether there is actually a coherent ‘sector’ at all” (cf. Alcock 2010 in Macmillan 2010) and if so what it should be called. From within the sector lively debates continue over what ‘it’ does and with what effect, whether and how it should be publicly supported or promoted, and what the consequences of a closer relationship with government might be” (cf. Smerdon 2009 in Macmillan 2010). The functional change within Germany from a hierarchical state to a more moderating and activating state was re-enforced by the involvement of expert panels, alliances and organizations that dealt with the new complexity of problems and challenges. The prior traditional form of consensus finding through parties and parliaments had been cut-back (c.f. Heinze in Meyer/Vorholt 2004: 27). The effect was that the state became more dependent on the involvement of the third sector and the society (ibid: 28). One expert even calls voluntary work the new form of solidarity (Expert 4: Intro) and Expert 1 is even more specific:

“Solidarity is rooted very deeply in the Christian tradition; one stands up for the other. Why introduce the thought of performance so strongly that everybody is just responsible for him- or herself. The state needs to be there and in recent years there were many tendencies whereas many of the social responsibilities shifted towards the third sector, such as donations and foundations, which usually would have been tasks of the state. The state gives up some of its responsibility, this is wrong; the third sector should not replace the welfare state; it is good to have a third sector, but it should not spread too extensively” (50:00 min).

With the introduction of the mixed economy of welfare, the third sector is especially involved in social welfare production. The expansion and development of “quasi-markets in health and social care (Le Grand and Bartlett 1993 in Macmillan 2010: 5), following the implementation of the Community Care Act in 1990 and the NHS management executive in 1993 in the UK, embraced the idea of competition between providers to generate both efficiency and greater choice” (Macmillan 2010: 5). Health services are today already one of the biggest economic sectors in the UK as well as in Germany. In the coming years, this area, on account of the ageing society, the strong innovation dynamism in the pharmaceutical and medical industry, and people’s the nursing requirements, will further increase (Eckert- Kömen 2007: 3). Figure 22 below, which illustrates nursing care in Germany, confirms these trends.

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**Figure 22: Nursing care in Germany 2005, Source: Pflegestatistik 2005 (Eckert- Kömen 2007: 22)**

One of the reasons why the third sector is so important is that it can give people without work new functions and perspectives, as well as new fields of work. Voluntary work, for example, can strengthen a sense of community especially during periods of increasing unemployment and can therefore stimulate a revival of democratic thinking within Europe (Beck 1999: 171 ff.). When the state and the economy withdraw from the social sector, the third sector can redesign social cohabitation (Rifkin 2002: 190 ff.). The advantage of the third sector lies in the variety it offers. In its present form it works alongside the state, since it mainly offers voluntary opportunities and only in this form can the third sector support the state. At the same time, it can increase social appreciation for work without a fixed income, and a social and political form of participation with and without work. The third sector should therefore not be separated from paid work given its fixed position alongside the state, society and the economy. Civil social engagement remains outside the market and state spheres but still touches both of them. Social responsibility intrudes every participating sector in our life (the state, the market, households and the third sector), and corporate citizenship is, for example, something that companies can offer everyone (c.f. Heinze in Meyer /Vorholt 2004: 33).

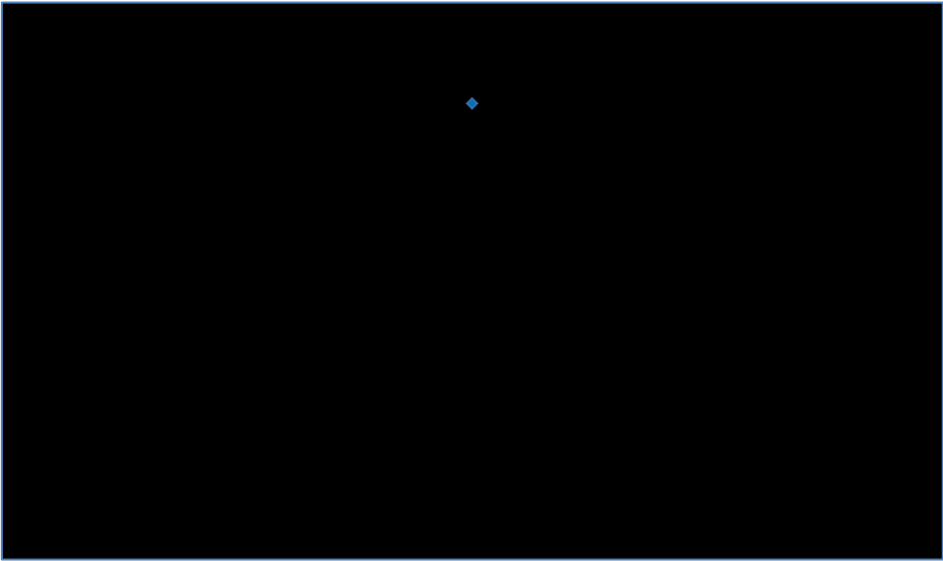
There therefore needs to be a redistribution of responsibility between the market, the state, society and the third sector. This implies that the basic values such as freedom, justice and solidarity within the state have to be fairly negotiated, and implemented transparently and comprehensively to achieve a societal consensus (c.f. Heinze in Meyer / Vorholt 2004: 41-42). Only when a balance within the sectors is achieved, will people feel a fair share of freedom, justice and solidarity. The effects and consequences the above mentioned changes had on the welfare state and the shift within the welfare providing sectors is therefore shown in the following sections.

#### **4.5. CHANGING RESPONSIBILITIES**

*The second question this thesis tries to answer is: which effects did this change have on the existing welfare state, especially on the four welfare-providing sectors (the state, the market, society and the third sector)?* The so- called magic



diamond (see Figure 23 below) is an illustration to display the interrelation of all four welfare providing sectors within a given welfare state. This figure consists of: the state, the market, society/households and the third sector (see also Table 5 in Chapter 1.2.1 for further explanation). Each of these sectors is in some way responsible for the production of welfare<sup>66</sup> as indicated by the theories of Esping-Andersen (1990) and my extended version of the multi-sector analysis (see Chapter 1, Section 1.2.1).



**Figure 23: Magic Diamond (own figure)**

Why do I represent this interconnection in form of a diamond? Because the name diamond derives from the ancient Greek word “adámas” and stands for “proper” and “unbreakable”. Recent decades have witnessed a continuous realignment of power and resources and welfare provision between the state, the market, households and the third sector. The before mentioned empirical analysis of this work reveals a shift within these welfare producers that also has an altering effect on Esping-Andersen’s dimensions of social stratification and decommodification at the expense of social justice and income equality. At the same time though, all of the sectors are inseparable and necessary for the survival of the welfare state system. The changes in Labour’s and the SPD’s welfare reforms (see Table 14 and 15) explain the shifts in the production of welfare from Figure 24 to Figure 25.

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<sup>66</sup> The lines within the diamond account for the amount of how much they are responsible for the production of welfare. See also scaling in section 5.1.1.

<b>Welfare Reforms of the Labour Party</b>		
<b>United Kingdom (1997-2010)</b>		
<b>Year and Name of Policy</b>	<b>Measures</b>	<b>Effect: Shift towards other welfare regime</b>
<b>1998: National Childcare Strategy</b>	A complex initiative for the development, expansion, implementation and sustainability of early years and childcare services	Social
<b>1998: New Deal for Young People (NDYP)</b>	A £5.2 billion welfare-to-work initiative funded by a windfall tax on private utilities. It targeted unemployed youth (aged 18–24) unemployed for 6 months or longer.	Social
<b>1998: New Deal 25+</b>	Targeted people aged 25+ unemployed for eighteen months or more.	Social
<b>1998: New Deal for Lone Parents</b>	Targeted single parents with school age children.	Social
<b>1998: New Deal for Disabled, New Deal 50+, for Musicians</b>	Targeted those with disabilities, targeted those aged 50+ and aimed at unemployed musicians.	Social
<b>1998: National Minimum Wage Act</b>	Created a minimum wage across the country	Social
<b>1999: Working Family Tax Credit</b>	Tax credit scheme for low income workers which was meant to provide an incentive to work, and to continue in work.	Conservative

**Table 14: British welfare reforms overview (own table)**

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**Table 15: German welfare reforms overview (translated summary of Dallinger and Fückel (3/2014) including additional information**

As mentioned in Chapter 2.1, the key element of Esping-Andersen's thesis is that there is a significant and direct causal relationship between the welfare state and the labour market including its employment structures. As a result of the radical transformations of the employment sector at the end of the 20<sup>th</sup> century, as mentioned in Chapter 3, the ideal types of the welfare regimes conceptualised by Esping-Andersen have changed. Each of these regimes is categorized by forms of social stratification, decommodification and the relationship between the welfare producers.

The adjustment of the employment sector including the labour market policies under Schröder and Blair started to alter the classical categorizations mentioned in the preceding text. The 'New Deal' welfare state reforms implemented by New Labour indicated a policy shift away from Labour's old social policy legacy (Shaw 2003, 2007; Clasen 2005). Its German counterpart, the SPD, also broke with the classical welfare state reforms by introducing Agenda 2010 and in particular the Hartz IV reforms. (Kemmerling & Bruttel; Fleckenstein 2008). While the social stratification in the UK could be moderated by policies such as the New Deal and the introduction of the minimum wage, Schröder's policies actually minimized existing status differences and increased inequalities. The forms of decommodification, especially the degree to which a person can uphold a socially accepted standard of living independent of market participation, decreased in Germany, while it reached a more moderate level in the UK.

On the subject of the relationship between the welfare producers, which at the beginning of the 21<sup>st</sup> century included not just the state, the market and the family, but also the third sector, very specific shifts in welfare production can be observed. In Germany the family (households) played a central role in the past, while the market only had a marginal role and the state a subsidiary role. At the beginning of the 21<sup>st</sup> century the state started to retract itself from its welfare-producing responsibility while

the market as well as the 'new' third sector took on a more important role due to the neoliberal policies which introduced a shared public- private benefits system.

In the past the general aims and goals of the German welfare state have been to mainly preserve the traditional family model, to provide security and to maintain the status of its citizens. The changes in the value and definition of work and the employment sector, including the spreading service sector and the percentage of women moving into the workforce, forced Germany to move away from the traditional family model and modify its welfare state system. The provision of social security became more regulated through means-testing (i.e. the new Hartz IV regulations). Also, the status of citizens started to change with forms of employment, for example the increase in part-time and low-wage jobs. Since Germany's benefit system relies on earnings-related and insurance-based benefits this system greatly depends on a person's position in society, especially on the security of a full-time job. The increase in part-time jobs means an increase in the number of people regardless social security in old-age. This is especially challenging for families, especially women who mainly have to work in part-time positions due to missing opportunities for child-care.

The focus of the UK has so far been mainly aimed at the very needy, who are often stigmatized. This is why the poverty levels or levels of inequality are quite high. The market plays a central role, while the role of the state and the family is rather marginal. Individuals therefore need to participate in the market and this is why the benefits system in the UK is a market-oriented system that includes means-testing and a public-private mix of welfare provision. Participation in the labour market with a low-level of education or no degree is a lot easier in the UK than in Germany. See also Figure 20 in Chapter 4.4.2.

Germany adopted a more liberal category of welfare state during the times of Schröder. The change involved going from fairly distributing welfare to the promotion of an equality of opportunity, but the problem in Germany is that participation in the labour market for people with no or low levels of education is much more difficult than in the UK and most other OECD countries. This might also be one of the reasons why poverty and inequality levels have been rising in Germany since of Schröder's chancellorship, while the more socio-liberal policies of Blair improved the situation of some British citizens (i.e. families with children, single-parents, etc.). All of these aspects demonstrate that Esping- Andersens' categories for the existing welfare

regimes still exist, but just as was mentioned in the introduction of this work, the welfare state is not static. Moreover, the wider state structure upon which it rests is shifting constantly, but not in the same way or in the same direction; even if similar influences, like the so-called Third Way, are felt across Europe. The changes during the period from 1990 to 2010 eventually produced very distinct shifts in the production of welfare in the UK and Germany as a result of their historical and institutional backgrounds and their basic constructs of the 'typical' conservative or liberal types of welfare regime. The shifts within their welfare regimes are illustrated in the next section.

#### **4.6. EFFECTS ON THE WELFARE PRODUCTION**

To illustrate the shifts within the welfare production of the four sectors the following diamond figures were created. The figures use a rating scale from 1 to 5 which the author created for the purpose of this investigation. It refers to the role the various sectors play in welfare production in each country as indicated by the theories of Esping-Andersen (1990) and the multi-sector analysis (see Table 5, Table 14 and Table 15).

The highest score 5 means that the sector plays a very central role in the production of welfare, while 1 means it plays no role at all [5= central role, 4= important role, 3= complementary role, 2= marginal role, 1= no role]. The scores are based on the empirical analysis of this work for the period from 1990 to 2010 with a view to highlighting the shifts within the providers of welfare. The below Figures 24 and 25 show the welfare production distribution for Germany and the United Kingdom before (around 1990) and after (around 2010) the welfare system change that happened under the Schröder and Blair governing periods.

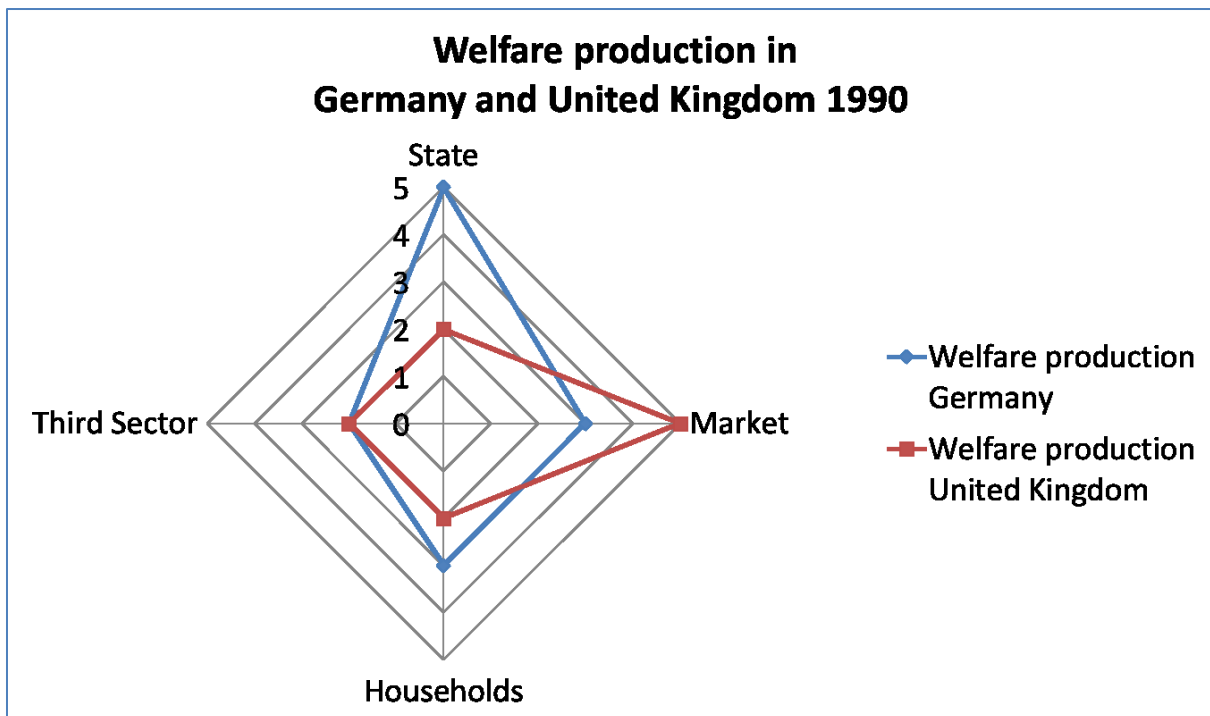


Figure 24: Welfare production in Germany and UK 1990 (own figure)

Figure 24 above shows that in the 1990s the major producer of welfare in the UK was the market in combination with households, which speaks for a liberal type of welfare state focusing on the market and private precautionary measures through households. The German conservative type mainly emphasizes public insurance with a focus on the state. A new attitude towards the welfare state by the Labour Party and the Social Democratic Party of Germany during the reigning period of Tony Blair and Gerhard Schröder led to a reform and redistribution of performance and benefits and therefore produced a new relationship between all sectors and a new form of welfare production.

The social policy changes in Germany meant that the state operated more on a public-private share of welfare production, giving a greater role to the third-sector and households by reducing benefits in the health sector, within the pension system and the labour market, etc., and a greater reliance on a self-regulating market. The UK actually introduced a few reforms that gave the state more responsibility for its citizens, in the form of improving measures within health care and specific tax credits for households.

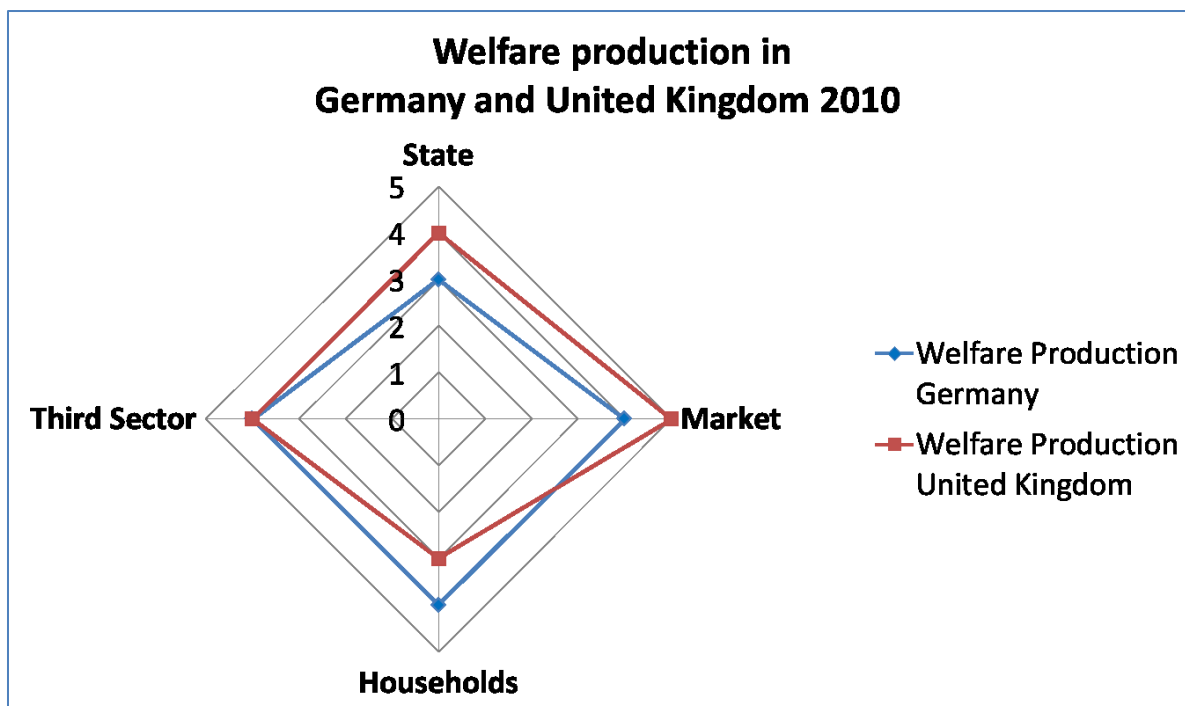


Figure 25: Welfare production in Germany and UK 2010 (own figure)

What becomes obvious is that there have been radical shifts and modifications in the welfare production sectors between 1990 and 2010. These shifts were caused by the welfare reforms under Schröder and Blair. In the UK especially Blair's reform of the NHS system, the New Deal Programmes and the Working Family Tax Credit (WFTC) were central. In Germany, the central planks were pension reforms, as well as health reforms such as the practice fee, extra costs for dental care, and less state support for universities, etc. as well as the Agenda 2010 programme including the Hartz IV reforms. Responsibilities within the sectors shifted and eventually had direct effects on the central characteristics of decommodification and the stratification of the British and the German welfare regimes claimed by Esping-Andersen. While the British liberal regime moved a little more towards a social regime type, the German conservative regime did so more towards a liberal type. In general, the shift in welfare production in the 2010 diagram also depicts a more balanced provision of welfare for both countries and they have significantly converged. These shifts have in part been necessary in order to adapt to the new conditions within the labour market brought about by neoliberal influences in both countries. These shifts also highlight that responsibilities and obligations in the production of welfare were re-distributed through a new approach for all welfare producing sectors.

#### 4.7. EFFECTS ON THE GINI INDEX

The increasing similarity of the two welfare states can also explain why the Gini disposable incomes in Germany and the UK have drawn nearer (see Figure 26). Whereas the German Gini coefficient became more unequal since 1990, the British, with a sharp peak in the 1990s, has kept its average score since 1994 (almost) at the same level. One can conclude from this that the German adoption of a more liberal welfare regime type has led to a lower level of decommodification (i.e. rising poverty, see also Figure 27) and with regard to social stratification, the rising of existing inequalities can be seen. The British state, in comparison, became a bit more 'social' (see social welfare state categories by Esping- Andersen) by introducing more 'benefits and support' by the state than before (i.e. Family Tax Credity, New Deal programmes, etc.) and therefore there is a medium to high level of decommodification and stratification tends more toward equality.

Even if growing inequality and a growing gap between the rich and poor is present, one can take the position proclaimed by Schommer that the welfare state reform politics would have been an attempt to counteract the trends produced by the huge social-structural and economic changes (2008: 318 f.). One can come to the conclusion that both countries produce similar results in relation to poverty rates, with a low wage level and distribution of income.

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**Figure 26: Gini disposable income compared (Germany and UK, 1990-2010), post taxes and transfers/ Retirement age population (above 65): data and figure from OECD**

Rising income inequality creates economic and social challenges. Inequality also raises political challenges because it breeds social resentment and generates political instability (OECD report 2001: 40). A key challenge for policy-making is therefore to facilitate and encourage access to employment for under-represented groups, such as youth, older workers, women and migrants. This requires not only new jobs, but jobs that enable people to avoid and escape poverty. Recent trends towards higher rates of in-work poverty indicate that job quality has become a concern for a growing number of workers. Policy reforms that tackle inequalities in



the labour market, such as those between standard and non-standard forms of employment, are needed to reduce income inequality (OECD report 2001: 41).

With regard to the question of what these changes meant for social justice I argue that the process of change regarding social justice did not follow the welfare policies and the economic development in parallel. They progress alongside but are always in tension and inseparably linked. Instead, the changes need to define a new path between social justice and economic growth, especially by redefining of what growth is supposed to mean in the 21<sup>st</sup> century.

#### 4.8. EFFECTS ON SOCIAL EXPENDITURE

Figure 27 below shows that the social expenditures in the UK have increased from about 18% to almost 23% of GDP since 2000, while the risk of poverty has started to decrease a little since 2005. In Germany, on the other hand social expenditures have increased minimally since 1995, whereas the risk of poverty has risen since 2000 from about 11% up to almost 15%.

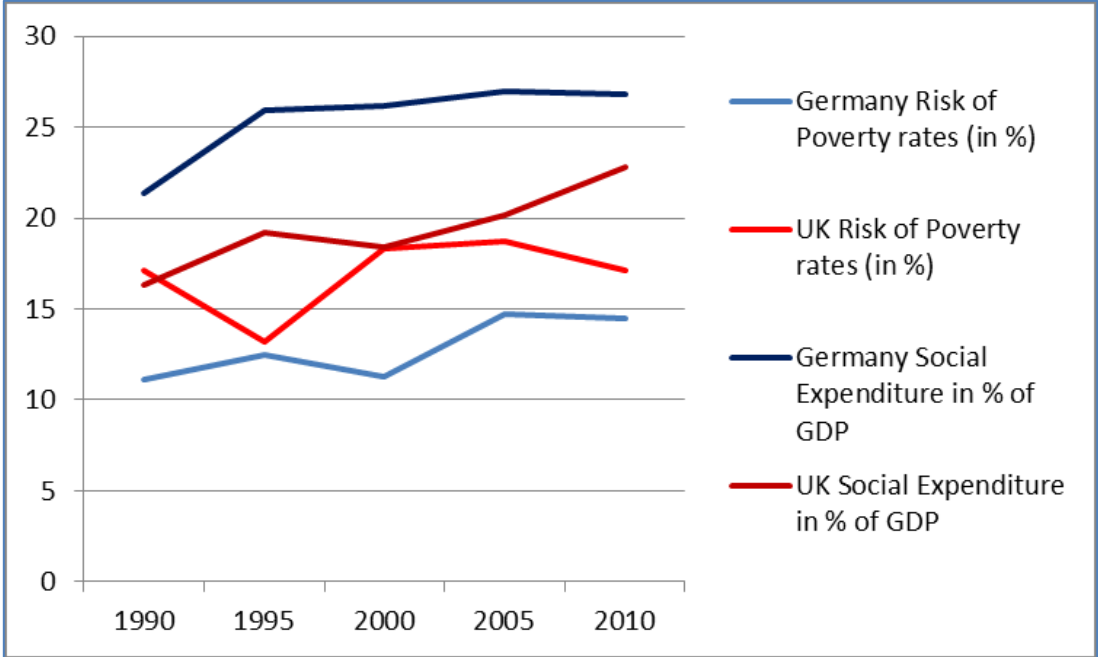


Figure 27: Risk of Poverty rates and Social Expenditure compared (in %), data from SOEP (own figure)

This raises the question of what differentiates Germany from the UK. In the UK, unemployment was reduced and income inequalities could be minimized, especially through the introduction of the minimum wage in 1998. This was not the case in Germany, where the minimum wage has been highly controversial.

Several international studies conclude that minimum wages must by no means be job-destruction programmes. Thus, numerous social scientists demonstrated that in the UK that the minimum wage had no or only minor negative effects on employment and unemployment. German minimum wage sceptics argue that the experiences of other states cannot be applied to the German situation since the British job market, for example, is much more adaptable and social systems for low-qualified workers are differently organised. Two German researchers, Marion König and Joachim Müller, examined in their 2007 research on the 'Flexibility potentials with heterogeneous job markets'<sup>67</sup> the question of what effect the minimum wage had in the building industry in 1997. They concluded that minimum wages in East Germany really had a negative effect on employment while in West Germany; the minimum wage has created additional job placements (c.f. Storbeck 2007). While some of the welfare reforms under Schröder and Blair were therefore successful in adapting the welfare state to the needs of the 21<sup>st</sup> century, others, eventually led to new interpretations of basic values and meanings of freedom, justice and solidarity.

#### **4.9. CONCLUSIONS**

While the first part of this chapter looked at the changing discourses during the given time period and therefore the mechanism that led to the change of attitudes of the two given parties towards the welfare state, the second part of the chapter focused on the effects this changing discourse had on the basic social democratic values and in consequence on the production of welfare within those two states. Discourses during the given time period circled around the 'risk society', the 'information society' and the 'responsibility society'. Traditional norms and values lost their viability and this change marked the beginning of the discourses about a new definition, function and value of work that eventually changed the basic values of freedom, justice and solidarity.

This chapter revealed in the analysis of political cartoons, and the most relevant speeches and manifestos of the two social democratic leaders during the given time period textual evidence for the changing attitudes towards the welfare state and strengthened the empirical analysis. By comparing the relevant cartoons, manifestos and speeches, one matter becomes clear. The attitude towards the

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<sup>67</sup> König, Marion; Möller, Joachim (2007): Mindestlohneffekte des Entsendegesetzes? Eine Mikrodatenanalyse für die deutsche Bauwirtschaft. IAB Discussion Paper, No. 30/2007.

welfare state changed within both countries towards a state that needed to adapt to the newly developed society, but it also transformed the two existing welfare state systems in two diverse ways, that at the same time led to more balance within the production of welfare in both states.

The mainly gradual changes in the interpretation of the basic values led to the change in attitude of the Labour Party and SPD towards the welfare state, altered its composition and eventually caused a new distribution of roles between all welfare providing sectors. This is shown especially in relation to responsibility and performance within the labour market and within the democratic welfare state of Germany and the UK. With the radical reforms under Schröder and Blair in the 1990s and at the beginning of the 21st century the boundaries between these welfare providers changed.

To illustrate these effects, shifts within the welfare production of the four sectors are presented in a diamond figure that refers to the role the various sectors play in welfare production in each country as indicated by the theories of Esping-Andersen and the multi-sector analysis. These shifts also highlight that responsibilities and obligations in the production of welfare were re-distributed through a new approach for all welfare producing sectors. The increasing similarity of the two welfare states can also explain why the Gini disposable incomes in Germany and the UK have drawn nearer, and the risk of poverty in the UK has started to decrease, and Germany's risk of poverty increased.

The next and final chapter will give a short summary of the work, and of the main findings and outlook.

## **5. CHAPTER V: SUMMARY, MAIN FINDINGS AND OUTLOOK**

### **5.1. SUMMARY OF WORK**

The development of the modern welfare state started about 125 years ago with the introduction of a national social security system introduced by Chancellor Otto von Bismarck in the German empire. He was the one who pioneered a sickness, accident and pension scheme system. In the United Kingdom, the beginning of the modern welfare state dates back to 1911 when David Lloyd George suggested that everyone in work should pay a national insurance contribution for unemployment and health benefits. This idea of social insurance was supported by the so-called Beveridge Report (Social Insurance and Allied Services), published in 1942 by William Beveridge. This became the basis of the construction of the social protection systems of the post-war period, in particular the National Health Service (NHS). These two systems were labelled the so-called Bismarckian and Beveridge systems. The former was a classical insurance-based system which financed itself through contributions made via employment, while the Beveridge system was a model of care for the whole population funded through taxation of various sorts.

Today every modern developed nation state pursues some kind of social politics. Comparisons of welfare states play an important role in international research and these are summarized in the introduction of this work. This particular comparative study of the British and the German welfare state systems shows in detail which radical changes through the work of both social democratic parties, the Labour Party and the SPD, took place in the period from 1990 to 2010.

In Chapter 1 the theoretical framework of this work is outlined. In the 1990s a new method of categorizing welfare states was formulated by Gosta Esping-Andersen. He divided welfare states into three types: liberal, conservative and social-democratic. The welfare state itself therefore differs primarily according to the nature of social benefits and how these are financed and produced, as well as the benefit claim conditions. Germany conforms to the so-called conservative model (a contribution- financed model with a dominance of social insurance schemes), the UK to the liberal one (a tax- financed model based on market dominance and private provision).

Details on both parties can be found in Chapter 2. Traditionally social democratic parties have played a major role in the revision or implementation of new

social policies. The history of the SPD and the British Labour Party documents how they have changed since their foundation, together with their struggles and attempts to adapt to the fast-changing world. The reviews of the different labour market policies of both countries (see Chapter 2.4) make this point clear. Under Blair, the UK displayed tendencies towards a more social-democratic model, while Germany developed more towards a liberal model. Two critical points regarding the labour market policies have to be kept in mind: the labour-market reforms had a positive quantitative effect for the participants, however a qualitative effect resulting in an improved quality of work could not be observed.

The main analysis part of this thesis, found in Chapters 3 and 4, illustrates in detail the political, social and economic influences and changes which have eventually led to a change in the basic social democratic values of freedom, justice and solidarity as well as to a change in the so-called classical categories of the British and German welfare states. Chapter 3, which looks at the existing basic values of social democracy and the changing dynamics of the given time period demonstrates that the technological change during the 1990s, accompanied by neoliberal politics and the economisation of all systems, triggered a radical change in attitude towards the welfare state. Changes that followed within the labour market system featured the growth of a huge low-wage sector in Europe, growing labour market flexibility that weakened protection against dismissals and labour market policies, cuts in the amount and duration of social benefits and tightened eligibility criteria ('make work pay'). The neoliberal doctrine was one of "flexible markets are good and state interventions bad" (Etzioni 1996: 33). At the same time, the Third Way policies eventually failed in the way that they focused too much on the individual within the market economy and on citizens as consumers. So what happens in a society where social bonds start to break and injustice and inequality is rising? Will a market economy survive and be able to stabilise a society? The simple answer is no. This thesis suggests that a stable and peaceful society cannot be built on market forces alone.

Chapter 4 went one step further, by examining political cartoons, speeches and other primary documents, as well as the semi-structured interviews to provide more textual evidence in forms of a reflection of political and public discourse to explain the need of changed attitudes of the two parties towards the welfare state. Moreover, this form of textual evidence supported the effects and conclusions

regarding changing responsibilities within both countries, its effects in the production of welfare, and the creation of the so- called magic diamond which illustrates the shifting welfare production in both countries from the 1990s to 2010 to a more balanced welfare state system.

## **5.2. MAIN FINDINGS**

During the 1990s, neoliberal influences were a trigger for radical changes in the interpretation of the basic social democratic values of freedom, justice and solidarity. With these changes employment structures and the labour market, social justice, and the old values and traditions of the welfare state started to crumble and needed to be adapted to the needs and values of the 21<sup>st</sup> century.

The desire to change, established in both populations, was taken up and implemented politically by the Social Democrats in both countries. The applied Third Way was a period of social reform in both countries and represented the renewal of social democracy. The old values of the social democrats and the welfare state got replaced by new values of equal opportunities (at the expense of distributive justice), self- responsibility (at the expense of solidarity), and heteronomy (at the expense of freedom). The old basic values of the social democratic parties turned into new values of the 'competitive welfare state'.

A flexible and functioning market is therefore not necessarily a bad thing, but it needs rules and regulations. Just like in a football match. A football match without rules and regulations does not work. Only with clear and fair rules, which all players know about, and referees that lead the game and enforce the rules, will a game be fair for all. In this competitive welfare state, the market has to cooperate with the state, society and the third sector; and the newly introduced and modified version of the third sector in addition to the state, society and the market plays a much more crucial role in welfare production as it did before.

This new competitive welfare state consisted of newly introduced models of employment including new working time models and therefore also created new challenges. In the past, during the industrial revolution work was the most significant factor for economic development. With and during times of industrialisation the number of hours' people had to work was up to 16 hours per day. The reason for the gradual reduction of working time from the end of the 19th century was the questionable health state of workers. Only the progressive labour movement of

1918/19 under Karl Marx so called 'leisure' became a new issue of focus. Marx saw in leisure (free- time) a "great value for the emancipation of the people, for the recovery of humanity from the alienation. A society that manages to bring forward disposable times is able to produce wealth and is able to unmistakably show the dialectical relationship of work and leisure. Free time is liberated time from work in which each individual can fully unfold" (Prahl 2002: 100).

Provision of work was therefore the main instrument to battle poverty and to integrate people into social order. Work developed into an innermost core of value and integration in a modern society. Since we do still spend most of our time in work, work still plays a central role in our life since it defines our status, and provides meaning and identity. However only as long as work is defined as gainful work, will personal success or failure also be directly linked to work and what defines work is changing constantly. The value of work can only be salvaged by adding new forms of quality to it.

A vision of a new world of work can be seen more and more each day, as we are experiencing the biggest change of the working world since the industrial revolution through the digitisation of the economy. Being able to work with any form of mobile devices in trains, cafes, co- working spaces or from home we have reached a new form of work- life experience. This new form of labour market has to be recognised and accredited not just by employers, but also in forms of new labour market and welfare policies. New forms of working, housing and living arrangements create new forms of family constellations, which at the same time need to be adjusted by the state and political measures.

These political measures include changes within the social security system, as well as in pensions, health and the education system. With on-going demographic changes over recent decades all over Europe, it becomes clear that the social security contributions that the working population has to pay needs to increase. This is especially true for Germany, whose pension system is based on past employment.

Furthermore there was a shift from the primary-sector work to tertiary work. In terms of economic systems, Germany hereby proved to be more constant than the UK, mainly due to its focus and adherence to the traditionally strong industrial base, while the latter has seen radical changes to this specific sector with a focus more on the service- and banking sector. The main reason for this shift towards a tertiary

sector was the automation of work. With evolutions in technical processes, more and more workers could be replaced by machines. Once the companies had saved money in the long run by replacing workers with machines, this money could be reinvested into services such as marketing research, advertising, consulting, etc. And at the same time, qualification changes and new forms of qualifications were needed.

The overall result and consequence for the welfare states is that the (social) market economy and social security for the society have to go hand in hand; and if one looks at the socio-political developments within both countries with regard to changes resulting from globalisation and against the background of the creative power of the welfare state, it can be found that the recent developments in the welfare-political element is still present in both countries and on no account has it come to a capitulation in the face of the upcoming challenges.

The two welfare states Germany and the UK had very different manifestations before the reforms of Schröder and Blair. While Germany followed the classical "conservative" model, the UK established an Anglo-Saxon-liberal model and in all Western welfare states, the family, the market and the state provided social welfare in some distinct form. Esping-Andersen showed in his categorization of welfare states how welfare provision was organized across the different types of European welfare states. The key element of Esping-Andersen's thesis is that there is a significant and direct causal relationship between the welfare state and the labour market including its employment structures. The adjustment of the employment sector including the labour market policies under Schröder and Blair therefore also started to alter the classical categorizations conceptualized by Esping- Andersen. With regard to the welfare theories of Esping-Andersen, it can be claimed that the main features of both countries' social structures are similar, but the welfare states themselves are still very different, but have experienced a mutual approach. The same can be said about the changing attitudes of both people's parties, the SPD and Labour Party.

These remarkable facts have so far been studied by social- and political scientists only in partial aspects. There was so far no analysis which, as this work shows, has attempted a holistic and long- term investigation in form of an interpretation pattern and discourse analysis to present the apparent mechanism that led to the change of attitudes of the two given parties, including its effects.



Furthermore the recognition of the changed interpretation of these basic values due to radical social changes is something that social scientist have to be aware of when analysing the welfare state of today. The acknowledgement that there are more than three welfare providers today by looking back at the multi- sector analysis makes clear that Esping- Andersen's framework is still useful, but has to be expanded by further criteria and dimension to deal with the present and future welfare state, the welfare state 3.0. The old welfare regimes are still relevant for the variety of different states, institutions and political constructs that exist within Europe, but they have changed in itself to adapt to shifts within and will do so also in the future. Just as it is said on page 1 of this work, "the welfare state is something which is not static".

A clear vision and strategy for the welfare state of the 21st century is something that the SPD, as well as the Labour Party and the British and German unions have lacked since the turn of the century. Promoted by the economic upswing after the crisis, unions in the UK as well as in Germany were able to show again increasing membership numbers. With the rising service sector in the UK and the shrinking of industry, the future of social democratic parties and unions lied in grasping as many new employment branches as possible. A union of the 21<sup>st</sup> century should be a broad union that speaks to all. Today parties as well as unions feel the pressure and realize that they have to position themselves with a broader base and promote more cooperation within all existing political ministries.

The prevailing discourse about the quality of work and the once again necessary increase in the identification of the worker with their work is one of the topics that parties and unions could use to reconnect with the present society. While the Labour Party can still be called like a party with distinctive traits, the SPD in Germany has lost some of its profile that distinguished it from other major parties in Germany. The state, as mentioned in Chapter 1 is represented by the governing party/parties. These parties therefore need to build a democratic bridge between the society and the market. The Labour Party and the SPD were parties that were created for the rights of workers by workers. Therefore, these parties need to stand up again for the rights of working people within the constantly changing world of work. This would give them again some profile and they could regain credibility.

### 5.3. OUTLOOK

This research provided a comprehensive overview of the changes in attitudes towards the welfare state in the respective governing periods of Chancellor Gerhard Schröder and Prime Minister Tony Blair. What it could not show was the long-term aftermath of the changes implemented and policies made by these two leaders. Such an analysis should be subject to future research. As such it would be interesting to take another 10 to 15-year time-period to examine how the two countries, Germany and the UK have developed since then. What effects did have the changes made by those two leaders on the social, political and economic development of the country. In what condition is the current labour market right now and how has it adapted to the changes, and how has the working and unemployed society adapted to it? Another potential research topic could be in the extent to which the welfare state 3.0 can be considered to be socially just when considering shared responsibilities and tasks with some form of rules and regulation that apply for all sectors?

If we take a quick snapshot view at Germany and the United Kingdom today and towards the future, we can unmistakably see two outstanding developments. Germany is now, for years not the “sick man of Europe” anymore, but rather a leading economic power within Europe. What effects this present economic success will have on the future of the welfare state is not known yet. One can only hope that the prevailing topic of the demographic change and migration will be included in the political discourse about the future of the German ‘Sozialstaat’.

The UK has also experienced a stable economy, but is since 2010 politically in total unrest. The topic of the ‘Brexit’, United Kingdoms planned withdrawal from the EU started to become a big topic of the political agenda from the 1990s on when in 1993 the newly founded UK Independence Party (UKIP) and an increasing number of Eurosceptic Conservatives became more and more involved in politics. UKIP achieved third place in the UK during the 2004 European elections and already second place in the 2009 European elections. This success in combination with David Cameron’s (British Prime minister from 11 May 2010 until 13 July 2016) call for a future referendum to decide on UKs membership within the EU opened the way for the Brexit. Which economic, social and political effects this will have on the future of the UK is not known yet, but it will be interesting to see how the welfare state of the UK will adapt to it.

Both developments show how fast nations and the European Union can change influenced by any kind of internal and external circumstances. People who do work in any form are the motor of a nation's economy and therefore the future and value of work should be one of the most prevailing topics for the next decades. But it is not just labour alone that counts. And as we saw the function and value of work can change over time. The Guardian (6.9.2016: 2) states that the growing part of population for whom work is not the basis of personal identity anymore is getting more and more, as well as the acceptance that there are more and more non-standard jobs. A sustainable solution for a modernized welfare system at the beginning of the 21<sup>st</sup> century would therefore be in the form of an adaptable state that sets a framework for a flexible market and includes a social and sustainable axis that fits for most of the working population.

According to John Rawls and Amartya Sen (c.f. in Merkel 2007: 9), there are five important factors and strategies leading to reach a balance of justice within a society. These are: the prevention of poverty; the equality of educational opportunity; the inclusion in the labour market; social security networks alongside work; and the prevention of extreme income inequalities. Politicians need to work towards a balanced distribution of welfare production that also incorporates all of these factors. Therefore, the state/politics should steer more flexibly, households/citizens should participate, the market/companies should offer opportunities and the third sector/civil society should support, but not be a substitute for the state. Shared responsibilities will give again more freedom for everybody and if all of the above-mentioned aspects are achieved, one could speak of a balanced social democratic approach for the 21<sup>st</sup> century, a 'symmetrical welfare state' that stands for mirror-image equality.

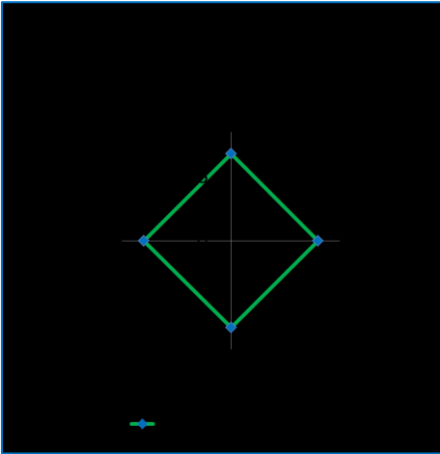


Figure 28: Balance of welfare production (own figure)

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## **APPENDIX**

### **APPENDIX I: ENGLISH INTERVIEW GUIDELINE**

#### **Interview Guideline**

**Expert:**

**Date:**

#### **General information for all experts:**

Dear Sir/Madam, thank you for participating in this interview.

The welfare state is something which is not static. Both it and the wider state structure upon which it rests are changing constantly, but not necessarily in the same way, and in the same direction. The political, social and economic structures in each European state build the basis for the present welfare state models (Esping-Andersen 1990). Changes within the system lead to changes within the welfare state system. Those changing dynamics are highly relevant for political research since they shape the work of the political parties and their role in society.

This work will highlight changes that took place within the welfare states and welfare measures in Germany and Great Britain under the influence of the two social democratic parties, the Labour Party and the SPD, during the Schröder/Blair era (1997-2007). By focusing on this special era I will highlight the complexity of decision-making processes from the bottom up within the two Social Parties. The goal will be to show how previous decision-making processes have led to our present welfare state system and to show how some of these decisions still influence today's decisions.

I would like to record the interview. The interview is anonymous. Any information you provide will remain confidential between you and me and the University researchers.

**Contact:**

Annabelle Wolff, Email:annabelle.wolff@gmx.de, Mobile: ++40-(0)179-7538768

## **Questions:**

### **General opinion of the Labour Party regarding the welfare state**

- 1) How does the party today view the welfare state in terms of its overall objectives?
- 2) To what extent in recent years has your party changed its views with regard to welfare provision? What have been the biggest challenges?
- 3) Blair wanted to reform Labour! Do you think he managed to do so and if so, what were the biggest changes?

### **Role of the Unions**

- 4) What influence had the unions or do they have today regarding welfare developments in cooperation with the Labour Party?
- 5) Do you think the unions have missed their chance for reform?

### **The necessity of special reforms**

- 6) Are there any areas of the welfare state that are in particular need of reform?
- 7) What factors are taken into account when it comes to shaping the party's policies on welfare and what drives the reform dynamics?
- 8) What do you think of the argument that the welfare state may encourage a dependency culture?

### **Political success of the Labour Party**

- 9) What do you believe were the greatest achievement of the Labour Party in the area of welfare reform?
- 10) Do you think the special relationship and cooperation between Peter Mandelson and Tony Blair eventually influenced the political work of the latter?
- 11) Blair had an outstanding personality! Do you believe this had a direct effect on decision-making processes within the Party?
- 12) What role do you think the book "The Third Way" (1998) by Anthony Giddens played for countries under social democratic rule, such as Great Britain?
- 13) What is the role of the Fabian Society and what influence does it have?
- 14) What makes your party's policies on the welfare state distinct from those of other parties?

### **The role and influence of the Labour Party within the EU**

15)What kind of influence has the EU had or does it have today regarding British welfare politics?

16)In the field of welfare, what can the British Labour Party learn from the German SPD?

**Thank you for the interview.**

## **APPENDIX II: GERMAN INTERVIEW GUIDELINE**

### **Interviewleitfaden**

**Experte:**

**Datum:**

**Zielsetzung:**

Das Interview dient dazu, Informationen über die Entscheidungsprozesse der SPD bezüglich wohlfahrtstaatlicher Maßnahmen in Deutschland zu erhalten. Im Speziellen geht es darum die allgemeine Meinung der SPD bezüglich des Wohlfahrtsstaates, Informationen bezüglich der Notwendigkeit spezieller Reformen und Gesetzgebungen, politische Erfolge der SPD im Bereich wohlfahrtsstaatlicher Maßnahmen, Entwicklung und Zukunft der wohlfahrtstaatlichen Maßnahmen zu erhalten.

**Allgemeiner Einleitungsteil (für alle Experten verwendbar):**

Guten Tag Herr/Frau XY, vielen Dank, dass sie sich zu diesem Experteninterview über die Entscheidungsprozesse der SPD bezüglich wohlfahrtstaatlicher Maßnahmen in Deutschland bereit erklärt haben. In der Untersuchung geht es darum herauszufinden welche internen und externen Einflussfaktoren Entscheidungsprozesse innerhalb der SPD bezüglich des Wohlfahrtsstaates und Veränderungen wohlfahrtsstaatlicher Maßnahmen verursacht haben. In diesem Interview geht es darum ihre Einschätzung als Experte zu bekommen.

Ich würde das Gespräch gerne aufzeichnen. Die von Ihnen gegebenen Informationen gehen als Informationsgrundlage in die Untersuchung ein. Sind Sie mit der Aufzeichnung einverstanden?

**Kontakt:**

Annabelle Wolff, Email:annabelle.wolff@gmx.de, Mobil: ++40-(0)179-7538768

**Fragen:**

**Allgemeine Meinung der SPD zum Wohlfahrtsstaat**

- 17)Wie sieht die SPD den heute bestehenden Wohlfahrtsstaat inkl. seiner Ziele?
- 18)In welchem Umfang hat die SPD in den letzten Jahren ihre Meinung bzgl. der Sozialleistungen geändert? Beispiele?

**Die Notwendigkeit spezieller Reformen und Gesetzgebungen**

- 19)Was denken Sie hierzu? Bevorstehende Wahlen bedeuten meist augenscheinliche Wählerwerbung! Wie wirkt sich dies auf das politische System, insbesondere in Bezug auf mögliche Reformen aus?
- 20)Welche Faktoren spielen bei der Schaffung für neue Sozialmaßnahmen eine Rolle?
- 21)Welche Rolle spielen die Gewerkschaften, Medien oder die Öffentlichkeit bei Reform- Entscheidungen?
- 22)Gibt es spezielle Bereiche des jetzt bestehenden Sozialstaats die reformiert werden sollten?
  - a. Wer macht hier Vorschläge und in welcher Art und Weise?
  - b. Wie werden diese umgesetzt?

**Politische Erfolge der SPD**

- 23)Was waren bisher die größten Erfolge der SPD in Bezug auf die Reformierung des Wohlfahrtsstaates?
- 24)Was macht ihre Sozial-Politik unverwechselbar von denen der anderen Parteien?

25) Gab es in der Vergangenheit Minister oder weitere Persönlichkeiten in der SPD die hohem Druck ausgesetzt waren oder hohen Einfluss ausübten?

### **Entwicklung und Zukunft der wohlfahrtstaatlichen Maßnahmen**

26) Sollte es aktuell Anpassungen/Reformen in bestimmten Bereichen der Sozialpolitik geben (z.B. Arbeitslosenversicherung, Kindergeld, Wohnbeihilfe)?

27) Sollte es auch zukünftig Expertenkommissionen geben, die bei der Entwicklung von politischen Reformen mitwirken sollen?

28) Im Bereich der Wohlfahrtstaat- Politik- was kann die SPD von anderen europäischen Ländern lernen bzw. wird dies getan (z.B. von Großbritannien bzw. der Labour Party)?

29) Was denken Sie über die Aussage vieler, dass der Wohlfahrtsstaat eine Abhängigkeitskultur fördert?

30) Langfristig gesehen, ist der Wohlfahrtsstaat noch tragbar?

**Vielen Dank für das Gespräch.**

### **APPENDIX III: SUMMARY OF RELEVANT EXPERT STATEMENTS**

Below are the summaries of statements relevant for this work by the experts (incl. minutes).

#### Expert 1- Interview:

(8:10min) Hartz IV, bzgl. Höherer Regelsatz, Impuls kam von der Verwaltungsseite

(19:25min)- Anpassung der Parteien SPD und CSU, sozialpolitische Sprecher der auch sozialdemokratisch sein könnte, sieht man keine Unterschiede mehr, auch auf Bundesebene, das macht es der SPD so schwer

(21:54min)- es ist meist eine Person, eine Persönlichkeit, nichts was durch die Partei mitgetragen wurde, meist gegen die Partei, beim politischen Gegner Anklang gefunden, Schröder Agenda 2010, effektives Mindestsicherung wichtig

(23:35min) Rolle von Medien, Tageszeitungen kritisch, Politik vereinfacht auch vieles so stark weil es anders gar nicht mehr transportiert wird, in den 70 Jahren war es leichter komplexere Dinge anzugehen, Politik ist komplexer geworden, Hartz System war sehr komplex, Schröder hat sich was dabei gedacht, das war die letzte mutige Sozialgesetzgebung

(24:45min) viel über Hartz IV geschimpft, aber geändert hat man eigentlich nicht viel, Pauschalierung der Regelsätze belassen und das ist schwierig, Kunst von 391 Euro zu leben, Waschmaschine- einmalige Leistungen noch keine Rechtsgrundlage, breites Netz von Stiftungen, freiwilligen Leistungen, in der Rente, Renteneinschnitte zum größten Teil zurückgenommen, von der demographischen Entwicklung nicht gut,

(26:55min) Dinge/Themen sind populär oder nicht- abhängig von Diskursen; der Bürger würde es anerkennen wenn man relativ konsequent eine Linie verfolgt wenn man es begründet; diese ewigen Kehrtwenden kommen nicht gut an; SPD ist viel Profil verloren gegangen, CDU macht auch sozialdemokratische Politik; SPD wirkliche Männerpartei (nicht authentisch)- Anspruch und Realität liegen weit auseinander, das ist die sozialdemokratische Wirklichkeit, Wähler spüren das, es geht so viel über Präsenz in der Politik (mit Kindern ein Problem);

(31:07min)- bei der Grundsicherung im Alter macht es keinen Unterschied ob man gearbeitet hat oder nicht, das ist nicht förderlich um privat vorzusorgen, da man sie dann wieder abgeben müsste. Erwerbstätigkeit muss honoriert werden; kein Anreiz 391 Euro, manche können nicht so viel leisten (weil auch krank etc.), öffentlich geförderter Beschäftigungsmarkt für die Art von Gruppe (sehr teuer und kompliziert); bestimmte Mechanismen fördern Abhängigkeiten, aber man muss Möglichkeiten schaffen. Jeder kann etwas beitragen was für die Gesellschaft wertvoll ist

(36:08min)- größte Erfolg Einführung des Mindestlohns, viele Sachen kamen nicht von der SPD (Pflegeversicherung, Elterngeld, Dynamisierung der Rentenversicherung), gewisse Dinge hätten unter der SPD kommen müssen. Es wurde 1998-2005 viel verschlafen, verpasste Chancen für die SPD; Problematik der politischen Themen (Kosovo, Afghanistan, Irak- Konflikte- dadurch wurde er populär- im Gegensatz zu hoher Arbeitslosigkeit)

(39:05)- Mindestlohn, Rente kam von der SPD, Schröder + Hartz IV war nicht komplett schlecht, weil Leute aus der Sozialhilfe rauszuholen gut war; er hatte eine komplexe Vorstellung, eine Idee und er hat es gemacht

(40:25min)- es gab zu Zeiten Schröders extrem viele Arbeitslose, man muss Politik also immer im Kontext der Zeit sehen; nach der Agenda 2010 als die SPD noch in der Koalition war, hat sich leider nicht für Nachbesserungen im Hartz System gesorgt und die Auswirkungen der Reform zu verbessern, die wenigsten Gesetze funktionieren auf Anhieb, aber man muss dran bleiben...

(44:45min)- Diskurse wie Mütterrente werden genommen oder Medienwirksamer, Politik sollte sich nicht nur leiten lassen vom Geschrei der Mehrheit, Politik hat eine Verantwortung für alle, man sollte nicht mit der CSU im Gleichklang die Mütterrente fordern, es wird gefördert das Frauen arbeiten gehen, im Pluralismus leben, Demokratie und Toleranz, Mütter dürfen auch zu Hause bleiben, Konsequenzen aufzeigen (weniger Rente, soziales Lernen von Kindern), vermeintlicher sozialpolitischer Fortschritt

(47:40min)- unverwechselbares Profil der SPD existiert nicht mehr, da hat die Linke eher noch ein Profil.

(48:10min)- der Wohlfahrtsstaat muss tragbar sein und man braucht eine stabile Wirtschaft, so dass man ihn finanzieren kann, Eigenverantwortlichkeit fördern, bei unterschiedlichen Voraussetzungen muss es Möglichkeiten geben, Bildung nicht segmentieren,

(49:35min) und ein System das Menschen die nicht leistungsfähig sind, dass diese aufgefangen werden, große Lebensrisiken sollten durch die Gemeinschaft abgesichert werden, das Risiko darf nicht der Einzelne tragen- Konsens in Deutschland darüber

(50:00min)-Gemeinschaft ist in der christlichen Tradition stark verwurzelt, einer steht für den anderen ein, warum den Leistungsgedanken so stark einführen das jeder nur für sich verantwortlich ist; hier sollte der Staat dann da sein- in den letzten Jahren viele Tendenzen, viel ins Ehrenamt eingeführt, Spenden, Stiftungen Aufgaben übernehmen die eigentlich Staatsaufgaben sind etc.- der Staat gibt Verantwortlichkeit ab, und das ist falsch, dies darf den Wohlfahrtsstaat nicht ersetzen; es ist gut dass es

diese gibt, aber es darf nicht verstärkt werden; marktradikale Kräfte wie FDP verschwunden- Wohlfahrtsstaat wichtig

### Expert 2 - Interview:

(1:00min- Grundwertekommission)- Konzept der Sozialpolitik stimmt, man muss es nur noch erweitern, die Finanzierungsdynamik kritisch, präventive Sozialpolitik, wollte damals zunächst mal niemand wissen. Dahrendorf Rezension, aus der eigenen Partei kam wenig Resonanz, Finanzierungsprobleme nahmen zu, Tony Blair- Sozialstaat mit neoliberalen Elementen abbauen, der linke Flügel, vorsorgende Sozialpolitik- Reflex auf das Buch von Strasser (eigentlich schon in den 70er Jahren zum Thema gemacht. Es muss einen Wandel geben.

(6:25 Einfluss der Grundwertekommission immer verzögert)- beim Berliner Programm hat sie mitgewirkt, große Fehler der Schröder Periode, war der Einfluss nicht groß genug.

(11:25- schwer Demokratien zu bewegen)

(12:15 Sozialpolitik) man hat das erworbene Fachwissen wird entwertet, dadurch das plötzlich Sozialpolitik anders gemacht werden muss, Staatsfixierung der Gewerkschaften war falsch, man kann einiges auch zivilgesellschaftlich organisieren, Vertrauen in den Sozialstaat hat verloren (Rente/Gesundheitssystem)

(14:05 Linke)- selbstverwaltungslinke vs. Staatsfixierung, Neubelebung des Genossenschaftsgedankens, in das wirtschaftliche Handeln das soziale und ökologische integrieren, v.a. im regionalen Bereich; andere Konzeption von Sozialpolitik, Idee der Handelnden, man braucht eine Basis wie KV, der Neoliberalismus hat mehr Risikogruppen geschaffen...

(18:30min- Machart der Politik gewandelt?)- zunächst mal in der Rezeption von Politik, Holland aktivere Gesellschaft, nach dem Krieg waren die Deutschen sehr obigkeitstreu (Ordo liberal), hat lange auch in den alten sozialpolitischen Modellen als Vorteil erwiesen, wurde so akzeptiert und funktionierte auch relativ gut, man hatte ein Gefühl der Sicherheit und es ist mein gutes Recht sagten Arbeitnehmer (Betriebsrat)...was man übersah ist das bei diesem System, welche Probleme gibt es , welche Problemgruppen haben Anspruch auf Hilfen, aber einige werden immer vergessen, und es gab immer Minderheiten (Lobbyschwachen) die raufielen, gelegentlich wurde das System erweitert wenn der gesellschaftliche Druck zu groß



wurde. So ging es immer Stückweise weiter, und irgendwann werden wir sie alle erfasst haben. Frauen die Kinder erziehen keine eigene Rente...

(22:44min)Einzahlung aus Arbeitseinkommen (dann sollten Familienzeiten angerechnet werden, ist das Arbeit? dann kam der Arbeitsbegriff ins Wanken), ist Arbeit nur Erwerbsarbeit, was ist mit nicht monetärer Arbeit...brachte das konservative Modell ins Wanken, immer mehr Fragwürdigkeiten an diesem System tauchten auf. Kann man die Dynamik der Problementstehung beeinflussen? Mit der alten Systematik der Sozialpolitik schwer vereinbar? (Angebot zu Nachfragepolitik-anspruchsvollere Begriff von Politik- Ressort Aufteilung von Politik muss kombiniert werden, müssen zusammenarbeiten.

(26:19min)- Patentlösung ist der Neoliberalismus, für alles einen Markt, funktioniert nicht wirklich gut, institutionell müsste sich was ändern...

(49:20:min- Abhängigkeit Sozialstaat), schon in 1950 von Felber diskutiert, Selbständigkeit in der Lebensführung muss im Sozialstaat gefördert werden, Pädagogik muss die Selbständigkeit fördern, Vertrauen in die eigene Leistungsfähigkeit

(51:55min- gemeinschaftliche Lösungen unterhalb der staatlichen Hilfe) hier nicht zu traditionell in den alten Formen der Gesellschaft denken

(58:03min)- Teil des linken Flügels ist so inflexibel gegenüber Arbeitsmarkt, oder Rente

(1:02:00min)-Automatisierung ist nicht schlecht, die Gewerkschaften müssen sich drauf einstellen , dass sich das Arbeitsvolumen verändert, ein Teil kann und muss automatisiert werden, aber vieles auch nicht, soziale, geisteswissenschaftliche Tätigkeiten...Wohlstand erweitern durch mehr Arbeit, neoliberales Denken, Gürtel enger schnallen, Umdenken in der SPD und Gewerkschaften muss stattfinden; Gewerkschaften gewinnen nur dann wenn Sie einen Arbeitskampf machen...nur dann bekommen die ihre Mitglieder

(1:10:50min)-Neue Medien schaffen neue Macht, nicht mehr so sprachlos, Wissen gibt Macht, die Organisationsfähigkeit ist gewachsen, das Zutrauen zu größeren Organisationen geschwunden (bei (Volks-Parteien, Kirchen...))

Expert 3 - Interview:

(9:20min-Thema Gewerkschaften Reformation Dtl/UK)- nicht vergleichbar, Dienstleistungsgesellschaft, IG- Metall in Deutschland. Sehr stark. Grundsatzdiskussion gab es in Dtl. Nicht. Andere Grundlage der Diskussion: 1. Hegemonie- kann man sich nur auf eine Partei verlassen, 2000-2005 man rennt gegen Wände. Gewerkschaften waren unattraktiv, hatten nichts zu sagen, Mindestlohn Kampagne draus entstanden, 2. Mitgliederentwicklung, eigene Stärke entwickeln, nur wenn wir im Betrieb was verändern können, können wir wieder stärker werden, Rente, Demographie

(11:30min- Gewerkschaft der Zukunft? wie sollte die aussehen?)- Breit! Große Herausforderung wieder in Fläche zu kommen, Mitgliederzahlen steigen, neue Branchen überzeugen, IT, regenerative. Energien; mehr Mitbestimmung, mehr Partizipation, mehr Kampagnen, Öffentlichkeitsarbeit, Kindergärten, gesellschaftlicher Druck und Tarifverhandlungen nur mit Öffentlichkeitsarbeit

(17:40min- Gewerkschaften mussten kämpfen)- um Status Quo kämpfen Anfang 2000

(19:10min- wie sieht die Gewerkschaft den Wohlfahrtsstaat? festhalten? Grundeinstellung?)- alle Sozialversicherungssysteme (außer ALGII) gibt es einen hohen Zuspruch zum Grundsystem, Verbesserungsvorschläge ja, aber keine komplette Änderung. ALGII nicht abgelehnt, sondern arbeiten mit Änderungsvorschlägen. Nicht zurück zum alten System, hatte auch seine Schwierigkeiten, war sehr patriarchal, wenig emanzipatorisch, konservativ. Es war einfacher etwas zu bekommen, aber hatte keinen emanzipatorischen Charakter. Jetzt wird versucht zu schauen, was man verbessern kann- Existenzminimum. Fördern und fordern funktioniert nur in ALGI nicht in ALGII, Wie geht man mit Sanktionen um?

(27:35min- Expertenkommission zur Legitimierung?)- Peter Hartz- Sektenmässig, Positionen schon klar, keine Diskussion, „wir schaffen die Weltprobleme ab“ IG Metall Jugend Vortrag, Krise der Arbeitsagentur hat ein Loch gerissen, wo Veränderungen weit über das was Expertenkommission sonst machen einen Bruch zum System gemacht hat, andere Form von Expertenkommission damals

(31:08min- Gewerkschaften Kampf Agenda 2010)- kein Durchdringen, 500.000 Demonstranten in Stuttgart (Agenda2010), trotzdem kein Durchdringen, war in dieser Zeit kein Durchdringen möglich, nicht das richtige Thema, über gesellschaftliche

Hegemonie, die Gesellschaft, mit bestimmten Punkten zu bestimmten Zeitpunkten? Gesetzliche Rentenversicherung, in den 90er Jahren wurden Rententhema verschlafen, 2000 zu spät, Jungen Menschen über Wichtigkeit des Themas zu überzeugen, damals konnte Gewerkschaft nicht anknüpfen an New Economy Boom, Telekom Aktien, Arbeitskraftunternehmer, Zeitgeist vs. Forderungen der Gewerkschaft; es lag nicht an den Personen, in den 90er Jahren hätte man mehr für bestimmte Themen kämpfen müssen.

(33:26min- Abhängigkeitskultur Wohlfahrtsstaat)- es gibt kein Leben ohne Abhängigkeiten, wir sind alle abhängig davon Arbeit zu haben, etwas zu verdienen, daran krank die Theorie. Jemand im Hartz IV Sektor abhängig, aber jemand der arbeitet auch abhängig, davon dass man sie behält, und dass der Sozialstaat dann einen auffängt. Schlechtes Bild von Leuten dass sie abhängig sind, wo vermittelt man die hin, im Gastro- Bereich, welche Perspektiven haben sie. Nicht jede Arbeit ist besser als Hartz IV!

#### Expert 4 - Interview:

(First part was not recorded-summary here):

Erster Teil wurde nicht aufgenommen- hier die Zusammenfassung:

[Begin of Intro- not recorded]: Die Auswirkungen des neoliberalistischen Handelns unter Schröder spürt man seit ca. 5 Jahren; das wirtschaftliche durchdringt alles, auch den soziale Bereich und diese müsste eigentlich ausgenommen werden, weil man hier mit Menschen arbeitet und nicht mit Waren, und hier ist der Ansatz „Bedürfnisse“; Gegenbewegung der Gewerkschaften sind gescheitert wegen der Individualisierung/Flexibilisierung der Arbeit und Arbeiter; Ökonomisierung wurde durchgepeitscht mit Zertifizierungen, Controlling, Akkreditierungen etc.; Folgen für den Menschen sind mehr Druck auf den Einzelnen, Burn- Out, Depression, ADHS bei Schülern/Studenten; soziale Bereich in Deutschland am Zusammenbrechen; Differenzierung ist wichtiger als Standardisierung; Themenfokus Ostdeutschland und Asyl und Ausländerrecht, Westsystem über das Ostsystem übergestülpt; problematisch weil es zwei total unterschiedliche Gesellschaften waren; Narkosemittel für Ostdeutschland, Solidarität vorrangig, kein öffentlicher Diskurs hat stattgefunden, vollkommene wirtschaftliche Systemumstellung, erst Aufbruchsstimmung (linke konnten damit nichts anfangen, das hat Schröder gespürt und ist auf rechten, autoritären Zug aufgesprungen; Führungsstil hat sich geändert,

weniger Teamarbeit, Konsens, Zusammenhalt; Neoliberalismus durchdringt alles, Individualisierung; Wandel in England, symbolisch Manchester Arbeiterstadt zur reinen Finanzstadt; nur noch Dienstleister,

Thema: Gleichmacherei, aber Differenzierung wichtig und Qualität; Frauenquote, Mindestlohn, Bologna Prozess;

Ehrenamt/Third Sektor neue Art von Solidarität? Zusammenhänge und Inhalte haben sich geändert- durch neue Medien, Komplexität, jeder denkt er kann mitreden; Vereinheitlichung vs. Vielfalt- und Vielfalt ist ja gut und positiv; Diktatur der Zeit; Demokratie braucht Zeit, Wert der Freizeit zu hoch geworden

Beginn Interview aufgenommen- (1:40min: Lücke von Nachfolgern bei den Linken Politikern- Zeitraum Schröder)- HartzIV, Flüchtlinge/Demos, neoliberale System auch in Osten überstülpen, kapitalistische System, Narkosemittel für Deutschland der Mauerfall, nur noch Thema Ostdeutschland und es gab kein anderes Thema mehr- die Linken konnten mit dem Thema nicht umgehen. Die im Osten brauchen Geld, renovieren, schwammig, Brei, keine Demos... [End of Intro- not recorded]

(4:45min: Begriff Solidarität)- alles nur noch Solidarität

(6:15min: Osten auch Deutsche- aber fremdes Land)- das Thema ostdeutsche Kultur, nie thematisiert worden, Angst im Osten vor dem Westen, junge Generation mit der Systemumstellung getrimmt auf Studiengänge wie BWL, etc. wenig soziales Künstlerisches

(7:58min- Schröder)- Systemumstellung kam mit Schröder, neue Form der sozialdemokratischen Politik, SPD an die Macht- rechte/linke wollten gemeinsam an die Macht, gekippt als sie an der Macht waren, und Schröder Mitte ausgerichtet (nach UK /Europa) geschaut; da merkten die Linken oh oh (Parteivorsitz + Bundeskanzler sobald Lafontaine weg)

(10:16min- Gesellschaftlich 90er Jahre)- nach Mauerfall- das schaffen wir, wir packen das, Deutsche super Arbeiter, erst Aufbruchsstimmung, die klassisch Linken konnten aber mit dem nichts anfangen, von der Geschichte von Deutschland her, Miesepeter- was wollt ihr jetzt? Destruktiv- Behinderer- diese große Chance, Industriemacht- hat den Schröder verändert, dass die Linken nicht mitmachen und wurde dann autoritär; politische Führungsstil hat sich verändert. In den 1980er war

Teamarbeit, laissez- faire ganz wichtig, Angriff der Autoritäten- und heute eher von oben nach unten- top- down

(25:05min- aus Arbeitern wurden Dienstleistern/27:50min- Thema Ehrenamt)- warum gibt es das und warum machen sie es), welche Rolle? Gleichmacherei, man geht jetzt nicht mehr auf eine Demo, jetzt macht man Ehrenamt, neue Art von Solidarität- früher Demo Solidarität, jetzt Ehrenamt Solidarität

(41:45min- Machart der Politik verändert?)- Zusammenhänge haben sich verändert, die Gruppen gibt es nicht mehr, nicht Parteipolitisch, sondern Inhalte haben sich verändert, wichtige Inhalten/aktuelle Themen fehlen, die „alte“ Generation politisch aktiver hinken hinterher, die Junge Generation kommt erst seit Ende der 2000er

(45:46min- Zertifizierung, von der Wirtschaft)- Neoliberalismus wollte ja weniger Staat, jetzt totale Überwachung durch Zertifizierung, Bedürfnisse von Menschen zählen, System funktioniert nicht so gut mit Dienstleistungssektor, nur bei Maschinen/Industrie, sie führen was ein in soziale Organisationen was in denen nicht funktioniert; Sozialarbeiter vs. Verwaltungskraft

(49:00min): was wollen sie mit Zertifizierungen erreichen? Druck auf den einzelnen Arbeiter, massiver Druck, jeder einzelne muss Verantwortung tragen, Burn- Out- Depression, Druck wächst

(51:59- Chaostheorie)- es ist nicht alles nur negativ, im Chaos kannst Du das System ausnutzen, große Chance

#### Expert 5 - Interview:

(0:39min)-Social Security has three functions (extra costs function (disability, children), insurance function (unemployment), poverty correction (inequality, tax credits); should benefits be universal or means tested- two things which are emphasized to address real causes, how to tackle rises in social security (recession etc.), debate which is true or not; approach; housing benefits rise because housing costs rise; only make it work when it has to

(3:05min)- don't believe in dependency culture (more in Germany); unemployment development; active Labour Market focus of Labour; emphasis on thinking about the insurance bases, means- testing, declining preference, social security became more tough; spending was rising

(5:24)- Germany is much more than insurance based system; comparative policy system, lots of effects from US, insurance based system comparison; different institutional system; UK does also have an earning related system; think more about models

(8:05min)- Migration and entitlement for social security, there are debates about it

(12:10min)- Labour uses all sources of information for policy work

(18:20min)- Reforms in Labour Party; reform for unions- Unions are more constructive; different style of leadership; improve conditions of people is a goal of Labour

(20:10min)- Working people have fewer rights and wages are stagnant; Labour needs to stand up for working people;

(22:16min)- there is still a distinction for the Labour Party, social security is an big issue (low pay- cutting wages); Conservative/Tory approach is different, cut benefits to get people in the jobs different for Labour; in Germany not much distinction anymore and this is why it is so hard for the SPD right now

(25:10min)- Where is the left wing Party that stands up for the rights of the workers? Insurance system focus; only Labour stands up for the rights of the people on benefit; debate in UK- unemployment is great (no one would say that) - forced debate; New Labour years much more emphasis on active Labour market, was a paradigm change, now accompanied by of focus on the quality of work; this combination is important; work is most important, but also quality of work- linking of social security policy with the Labour Market is essential;

(27:39min)- researchers, go back to the original Beveridge system, social security has to be accompanied by work; redefine the term full- employment- quality of work

#### Expert 6 - Interview:

(00:05min-6:30min) Intro of expert: In the late 1980s advisor to Labour- with Neil Kinnock, John Smith- shadow chancellor and Gordon Brown, involved in social policy review processes; inequality and welfare in the mid- 1990s, in Oct 1997 research centre on social integration and exclusion (before election); social exclusion unit for gov't as well; joint events with treasury, member of pension commission 2002-2005,

proposing pension reform that the government took forward, big policy change, a lot of tension between Brown and Blair...

(7:07min)- most important influence was Gordon Brown for social policies; trace back to 1983 election time- old Labour statist manifesto, Michael Foot, Labour did badly in the elections-beginning of changes, setting up a policy review, Neil Kinnock becoming leader, state pensions, Labour needed to become electable, reaction what came from the policy review, growth of inequality growth during Thatcher-simultaneously you had to deal with Old Labour, poverty and growing inequality

(11:22min)- growing strength of social democratic parties- global trend- technological driven changes, reaction of the consequences, lead to these changes and deregulation of the financial market- winner takes it all society, after 1992, social justice commission reports, put forward the idea of three approaches, deregulation, investors, levellers-philosophy grew – pledge card UK- very specific aims, these were policies that represent what we want to do and included the New Deal for Young People, Brown was very keen to show that they would spend the first 2 years not more than the conservatives, there were cuts, abolished special benefits for families, but there were also new programmes- Windfall Levy Tax Funds- did not put taxes up-out them in a position in 1999 and 2007 everything got better, and then they could start spending, increase NHS to European standards; minimum wage, tax credit program and new deal (driven by Gordon Brown).

(18:58min)- design of program....integrate it with income tax system and destigmatize, all goes back to that period, health spending changes, role of social justice commission- David Miliband- tension between Brown and Blair, Lafontaine and Schröder (left and went to the Linke).

(23:10min)- eliminate Child poverty, Blair's goal, increase universal child benefit (Brown did), did cut it by third in 10 years, social exclusion unit-long term stuff

(26:22min)- Blair and Brown achieved a lot, then the crash happened, but nothing on social care/personal care (more into health service)

(36:15min)- 1999-2004 golden social welfare period for Labour and Blair and UK but then after 2004 Blair got caught up with Foreign Policy and War (social exclusion unit gets sent off);

(38:10min) external influence hinder the domestic work, Brown (got domestic policy) and Blair was supposed to focus on other things, there was some kind of agreement on that but Blair did not really did that; after 2004- Blair is fighting on the front, expect for pensions, and Brown did more domestic policy;

(40:46min)- after 2007 you see how external influences directly influence domestic politics, belief that you could tolerate inequality at the top driven by the financial sector, since they delivered tax revenues to finance the welfare programs;

(42:02min)- by 2007 UK went into recession, got no credit for what they have achieved, because of the bad ending, because the first two years were so far away, it takes time until policies work, the effects, the outcomes...

(43:35min)- the delivery unit in No10 who checked on the outcomes of policies; who were the people involved in the "Third Way", with Giddens, IPPR, very young people, right at the centre focused on policy design, and Brown and Blair believed that if you want something to happen it can happen; influence of Clinton extremely important on this, Tax credits system and so on...universal tax credit system, means testes, stigmatised system...

(51:20min)- up until 2004 you can argue that it was a Third Way (also with Clinton, Schröder triangulation)- social investment state- redistribution discussion, making work pay, it worked first but afterwards this stopped- tension between Blair and Brown and all ended in tears... do good things at the bottom, the growth of GDP – and it worked for a while- if you are critique from an economic point of view is that there was a bargain going on- marry redistribution with growth, and that is why Blair was so popular

#### Expert 7 - Interview:

(2:30min)- how Trade Unions in liberal market economies can ever hope to access policy making, very difficult in UK, a lot of power to the government, strong institutional relationship between Labour and the unions (since unions provided lots of funding for Labour), UKs Labour Market, very competitive Unions, in the 1970/1980s macroeconomic economic problems and lots of strikes- Blair Third Way ideology

(5:10min)– detach Labour from Trade Unions to reign properly- every opportunity to publicly show the detachment and show closeness to business, got rid of Clause IV,



reformed the Party to New Labour, removed the unions in any way- policy became just part of the leader. The TUC (like DGB) (Lobby group) realized that he needed an insider-strategy, provide information to the Labour Party, distanced itself from the left wing unions, good political strategy (Minimum wage success-a form of successful discourse) –important role like minimum wage, social chapter in Europe, if they would have stayed as an outsider they would not have been that successful,

(11:05min)- dilemma for peak associations, EU influence?, not much influence, welfare state policy is nation state based, Esping- Andersen- is there a fusion of welfare state ideologies?, EA focused just on Labour Market Policy so misses a lot, but still very distinct, Labour Market Policy still insurance based in Germany, and more universal system in UK and different from universal system in Scandinavia. In terms of employment policy they are still very distinct European models.

(13:45min)- In term of employment policy there are still very distinct models. Welfare reforms under New Labour, promote work, dominant position on welfare; in European mainstream, social investment state, active and participate in the Labour Market Policy. In UK Blair continued the philosophy of the conservatives, should make the markets work, Giddens and Third Way policies and parts of left/centres left- can't afford to pay people who are idle, this is the only way to be responsible, budget deficit should not take place; he put it in practice because he was a good politician, and Labour wanted to be in power and stay in power; early 1990s, shock in 1992 when they didn't get in power, so reform was necessary-after that even the hard left wanted to get in power, and that is why they accepted the third way ideas.

(17:33min)- tipping point what so many social democratic leaders came in power in the 1990s, Blair was always on the right of the Party, spin- doctors like Mandelson- office hungry, full of contempt for the ideological left, schism between policy and office chasing;

(20:30min) TUC, policy resources in opposition for Labour

(22:05min) Foreign affairs hinder domestic politics, after the first term Blair focused only on foreign politics, the left – wingers were unsatisfied in the first term with the changes Blair made, it was in many ways Trojan horse (social policies- pro market)

(23:18min) in terms of health care, quasi markets- public and private (creeping privatization); really influential influence was the Institute for public policy research (IPPR); Blair accepted their ideas

(25:36min) how politics is structured in the UK there is a lot of autonomy for the leader; it started with Thatcher (strength for the PM) and Blair had an outstanding personality, does it has a direct effect on decision making. Strong personality, charismatic, lot of power within the Party, makes a difference, dominant personality like Blair and Thatcher had a lot of autonomy (invading Iraq) was not the best decision

#### Expert 8 - Interview:

(0:00min)- General Union (23 diff. industrial sector, manufacturing, transport and public services), broad, new Union

(2:02min)- trend of stagnant wages for years as in other European countries, and rising income inequality, growing inequality gap last few decades, since 2008, wages have not recovered, new benefit claimants joined them, child tax credits, housing benefits, that is our stake

(2:53)- we have relationship with the Labour Party; British Social Attitude Survey; general support or not for benefit system; deserving, vs. serving poor, hostile language of Labour; gov't became hostile towards people claiming benefits (workfarist); emphasis on reducing fraud and cheating the system; entrenched some very hostile beliefs and misconceptions amongst the general public; policy work by the Unions to reduce these misconceptions

(7:25min)- Young people in Union, because youth Unemployment is still high in UK, Long term unemployment, Labour took measures to reduce unemployment and keep it low, immediate benefit to policies, some just 3-day work weeks, young people struggle to get into the Labour market, massive increase in insecure, precarious work, also 0- hour contract (like internships), young people on and off in the Labour market;

(9:50min)- Political and non- political people join the union; positive experience to join a Union; they are finding their voice in the union; potent campaigns on the attack on the welfare state

(12:40min)-foundations of hostile language was laid with Blair and Brown; TUC poll recorded how the misconceptions about benefit payments are; how many do claim, how many are unemployed, how much the job seekers allowance is (in reality 68 pounds, people thought it was hundreds); public reception is far away from reality; difficult, toxic issue;

(13:41min)- Organization “turn to us” (how many benefit stories are in the media with negative language)- high number of stories and negative in the media; becomes prism through which people see the welfare state, for the people and influence conception of people; and quotes from leading politicians

(16:00min)- State pension payment (pie chart with massive part in welfare) made by government, shows wrong reality

(17:58min)- organizes locally, influence decisions through Lobby, bedroom tax big, influential in the Labour Party through Lobby

(23:39min)- Social security system, winter fuel allowance- means tested vs. universal element of social security system; dealing with the causes that are driving the increasing in social security budget= increasing house prices = increasing housing benefits; build more council homes would be a positive outcome, and negative noises that the budget increases

(25:25min)- Protect those that are the very lowest in the income scale is a task of the union; work together with Labour Party and convince the people to vote for Labour; talk about 0-hour jobs; reflection of political reality, massive insecurity growth in the Labour market, the fact that so many people are drawn in the benefit system, you need those people to vote for Labour (no other choice)

(27:25min)- in UK not all Unions are affiliated; some unions are not affiliated with the Labour Party, not part of the formal structure, but do Lobby; on social security we are the main union that takes a strong position on it and PCS

(30:35min)- Public sector work, in “Unison” majority is women, in public services about 70% are women; these claim more benefits than men

(32:18min)- massive attack on the social security system; reversing the negative situation, decreasing sanctions, UK is one of the least generous security system, protection is not too well, huge section of welfare state is supposed to be cut; Unions

are in the defensive; language has to become more positive again in public debate; Labour is the welfare Party, no other Party does it as much as Labour

(35:12min)- no research in other European systems, TUC does; level of general taxation, high levels of tax avoidance, regressive tax system, make tax system more efficient and progressive would be good; in France families get a lot of tax reduction so there is a less demographic problem

(37:50min)- income tax on all earnings (loan and savings) and national insurance (people who are in work pay and employer pays part); tax on jobs is a barrier on job creation; income tax (10000pounds free); personal allowance- people on minimum wage do not have to pay it;

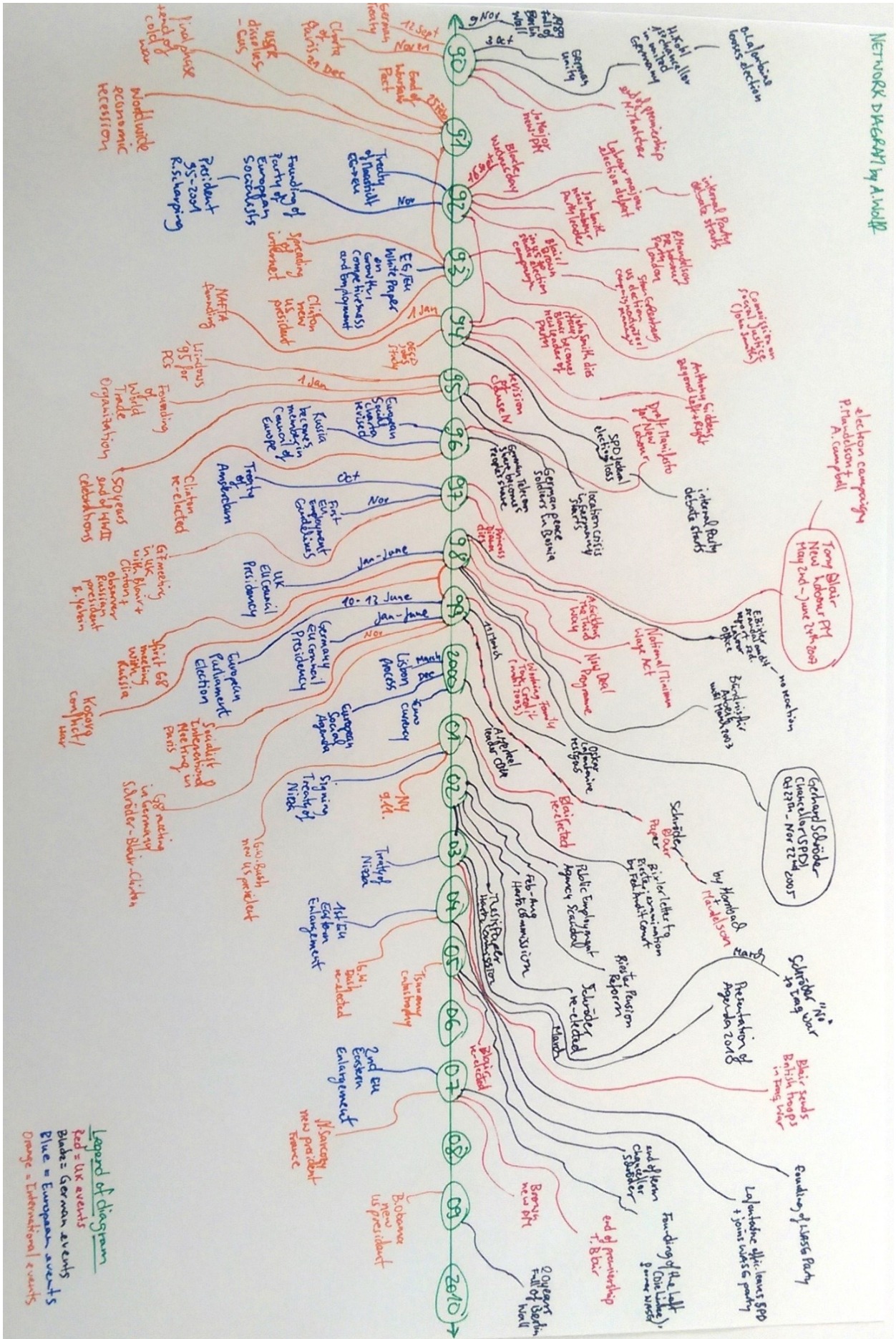
(42:05min)- Union system quite different to the system in Germany; social partnership with Parties; strike only allowed if 40% of eligible voters will have to vote for strike; restrictions on the right to strike

(47:58min)- in other European countries there is a lot more competition for Social Democratic Parties, in the UK minority Parties do not have that much influence...

## APPENDIX IV: DISCOURSE ANALYSIS CHART

Appendix IV: Discourse Analysis Chart						
Experts	Categories	Sub- categories	Which topics are only mentioned by a few	Where did they have different opinions	Which topics were discussed by all experts	
Expert 1	Hostile language	Complexity of Politics	Technology	Assimilation of German Parties	Definition of work	Norms and Values of Work
	Complexity of politics	Complexity of Solidarity	Active Labour Market	Distinction of British Parties	Gainful Employment	
	Responsibility	Complexity of Freedom	Assimilation of German Parties	Reform of Unions	Hostile language	
	Third Sector	Complexity of Justice	Assimilation of system	Role of Unions	Inequality	
	Assimilation of German Parties	Complexity of Work	Cause and effect		Neoliberal influence	
	Definition of work	Role of Welfare Sectors	Insecurity growth		Poverty	
	Performance		Needs		Quality of Work	
	Gainful Employment		Party Reform		Role of Work	
	Solidarity		Performance		Service Sector	
	Role of State		Pressure/Stress		Unemployment	
	Self- responsibility		Reform of Party		Third Sector (Civil Society)	
	Risk management		Social Exclusion		Complexity of politics	
	Expert 2	Definition of work		Technology		
Third Sector					Third Way Politics	
Role of State					Responsibility	
Risk groups					Self- responsibility	
Gainful Employment					Solidarity	
Neoliberalism					Power	
Self- responsibility					Reform of Unions	
Third Sector					Role of Parties	
Unions					Role of State	
Power					Role of Unions	
Responsibility					Welfare systems	
Right-Left conflict						
Expert 3		Unions				
	Role of Parties					
	Hostile language					
	Expert groups					
	Reform of Unions					
	Role of Work					
	Definition of work					
Expert 4	Needs					
	Pressure/Stress					
	Solidarity					
	Complexity of politics					
	Third Sector					
	Missing discourse					
	Role of State					
	Neoliberalism					
	Service Sector					
	Power					
	Definition of work					
	Responsibility					
	Right-Left conflict					
Expert 5	Assimilation of system					
	Role of Work					
	Role of State					
	Welfare systems					
	Hostile language					
	Definition of work					
	Distinction between British Parties					
	Quality of Work					
	Active Labour Market					
Expert 6	Hostile language					
	Technology					
	Right-Left conflict					
	Complexity of politics					
	Welfare systems					
	Reform of Party					
	Inequality					
	Poverty					
	Social Exclusion					
	Third Way Politics					
	Role of Work					
	Role of Parties					
	Expert 7	Reform of Party				
Reform of Unions						
Role of Unions						
Labour Market Development						
Definition of work						
Welfare systems						
Role of Work						
Hostile language						
Right-Left conflict						
Complexity of politics						
Power						
Third Way Politics						
Expert 8		Hostile language				
	Inequality					
	Unemployment					
	Quality of Work					
	Role of Unions					
	Reform of Unions					
	Welfare systems					
	Cause and effect					
	Distinction of British Parties					
	Insecurity growth					
Role of Work						

# APPENDIX V: NETWORK DIAGRAM OF HISTORICAL EVENTS





## **APPENDIX VII: AUDIO FILES OF ANONYMOUS EXPERT INTERVIEWS ON USB**

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## **APPENDIX VIII: RELEVANT EXTRACTS OF TONY BLAIR SPEECHES**

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## **APPENDIX IX: RELEVANT EXTRACTS OF GERHARD SCHRÖDER SPEECHES**

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