A shift towards social investment?

Recent childcare policy changes in Germany and Hungary and their interrelation with the European Union's discourse

By

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Abstract

The study set out to investigate whether the European Union-promoted emerging policy paradigm called the social investment approach is incorporated into European welfare states in particular ways. This thesis examines recent childcare policy changes in Germany and Hungary between 2008 and 2014 as childcare policies are in the heart of this policy paradigm. The study investigates if there is a shift in Germany and Hungary towards individualization reflective of one dimension of the social investment paradigm, guided by Mary Daly's analytical framework. Furthermore, the piece investigates the potential role of the European Union as an external factor on national childcare policies and the effects of the economic crisis 2008-2010 as a possible explanation for the timing of German and Hungarian childcare policy reforms. Qualitative content analysis is carried out on German, Hungarian and EU policy documents and legislation. As the findings suggest, both countries put in place policies that activate women instead of keeping them at home, through different instruments historically. However, the shift towards individualization in Germany and Hungary is to different extents. Moreover, Germany seems to be on track in terms of implementing policy instruments and requirements of the EU, while Hungary's policies are less streamlined when compared to EU recommended policy instruments. Lastly, the financial crisis has not served as a driver for the reforms except for the parental leave policies that aim to increase labor market participation.

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1. INTRODUCTION

1.1 Research significance

Many researchers have recently argued that there has been a shift towards the social investment approach in the European Union's discourse on social policy (Saari and Kvist 2007; Lewis et al. 2009; Vanderbroucke et al. 2011; van Kersbergen and Hemerijck 2012; Hemerijck et al. 2013). The social investment approach focuses on employment and activation policies, the promotion of social cohesion and gender equality, early education and work-life balance policies. Some researchers have recently claimed that all the European states are shifting to the social investment paradigm (Saari and Kvist 2007; Vanderbroucke et al. 2011; van Kersbergen and Hemerijck 2012; Hemerijck et al. 2013). However, it is not obvious whether this emerging paradigm is only strongly promoted at the EU level or especially incorporated into the particular European welfare states. We do not know whether the social investment approach is happening in the same way and to the same extent in all member states.

Within the social investment paradigm, childcare is just one element, but childcare policies have been driven first and foremost by this new paradigm. Childcare policies are necessary to support and achieve maternal employment and have important implications for education also (Ciccia and Bleijenbergh 2014). If we look at the comparative tables of the MISSOC database[1] concerning maternity/paternity leave and family benefits, we can see that there were childcare policy reforms in many European Union member states between 2008 and 2014. However, there is little data on whether contemporary childcare reforms

[1] the EU's Mutual Information System on Social Protection that provides updated information about national social protection systems

after 2008 of particular European welfare states have been following the logic of the social investment approach or not.

Previous research on Germany has shown that there has been a massive wave of new legislation from the 2000s onwards and we know from secondary data (Morgan 2008; Lewis et al. 2009; Mätzke and Ostner 2010; Rüling 2010) that there has been a "path-breaking" turn in Germany in terms of family models, childcare benefits, paid parental leave and the role of the state in childcare after 2004. We know little on why there has been this massive change in Germany seemingly towards the social investment paradigm instead of continued path dependence in childcare policy.

In Hungary there have also been various childcare policy reforms since 2010 and the Hungarian case is an interesting puzzle because there has been no research on whether Hungary as a post-communist Central and Eastern European state is shifting towards the social investment approach or following path-dependent changes. Because post-communist countries share some common historical legacies at least since the second half of the 20th century (Inglot 2008; Saxonberg 2014), they are usually grouped together in analyses and current family policies in these countries are not explored separately, a gap in the literature. Looking at the Hungarian case is highly relevant because there are mostly cross-country analyses including childcare provision in all or most of the European countries (e.g. van Lancker 2013; Saxonberg 2014; Thévenon and Solaz 2013), but there is little specific research about Hungary, (for exceptions see Szikra 2014 and Lovász and Szabó-Morvai 2014).

The aim of my thesis is, therefore, to examine contemporary childcare policy changes in Germany and Hungary between 2008 and 2014 and the potential role of the European Union provisions pertaining to childcare policy. I investigate if there might be a policy paradigm shift towards individualization in the German and Hungarian childcare policy changes, reflective of one dimension of the shift towards the social investment paradigm, using Mary Daly's (2011) framework. According to Daly's (2011) piece, individualization is a direction of recent social policy change, and a shift towards individualization means treating parents as individuals rather than promoting their gendered family roles and shifting childcare from families to public ECEC services.

I look at recent childcare policy reforms in these countries, which derive from different starting points concerning their social and childcare policy models, and analyze different possible explanations for their introduction. More precisely, I examine the following childcare policy instruments relevant for the conceptual framework: leave – in particular paid parental leave - and public early childhood education and care (ECEC) services. I assume that the reform of these is influenced by the social investment approach, therefore, I do not look for other instruments such as cash benefits or benefits in kind.

I examine the development of childcare policy objectives at the broader, European Union level since the EU imposes directives on its member states and uses strong discursive tools to encourage particular policy approaches to specific policy problems (Obinger et al. 2013). I do content analysis to identify political objectives at the European Union level to then compare these with the German and Hungarian legislation to see whether the policy objectives of the EU discourse (same conceptualization of childcare related issues) are reflected in the German and Hungarian documents.

I look at the period from 2008 to 2014 because in Germany and Hungary - and almost in all European countries - and in the European Union as a whole the financial crisis in 2008-2009 and the subsequent recession imposed fiscal pressure on the welfare states and triggered policy changes (Kvist 2013). In many countries social and unemployment policies "were adopted as an attempt to stimulate the economy" (Chung and Thewissen 2011: 355). I assume that the recession buttressed the adoption of activation policies Europe-wide to overcome increased unemployment, thus I expect that employment-oriented childcare policies were introduced. However, there is no consensus in the literature on how to operationalize the effects of the crisis on social policy development across European welfare states (van Kersbergen and Hylands 2011; Chung and Thewissen 2011). It is a question therefore whether the economic crisis 2008-2009 can be a possible explanation for the timing of recent childcare policy change in my selected cases.

On the basis of this situation, my two interrelated research questions are: (1) is there a (corresponding) shift towards individualization in Germany and Hungary in paid parental leave and early childhood education and care provisions? I expect that there is a shift towards individualization and that these countries have shifted in the same direction, converging on a policy model assumed to be promoted by the European Union. Apart from comparing the extent of the policy paradigm shift in Germany and Hungary, I investigate why they have shifted towards individualization. Thus, my follow-up research question is: (2) what are the drivers of these policy changes, namely why have these countries' policies shifted towards individualization? I engage with various potential explanations to answer this question: how did the EU discourse influence policy making in Germany and Hungary? How did the economic crisis matter, if at all?

1.2 Outline of chapters

In the introduction of the thesis I provide the context for the research problem and highlight the relevance of the topic. I briefly discuss the aim of the thesis and outline the research. In the literature review I discuss the social investment approach and review how it has been promoted in the EU documents in the past 15 years. Then I describe the politics of childcare reforms across European member states and outline possible domestic explanations for recent childcare policies.

In the theoretical chapter I discuss what we know about the family models, paid leaves and ECEC services in Germany and Hungary prior to 2000 and outline the gaps in the literature on childcare policy changes in Germany and Hungary between 2008 and 2014. Then I show how I set out to answer my research questions and provide the selected sets of policy list: EU documents, German and Hungarian legislation from 2008 until 2014. The research questions are addressed via qualitative content analysis and the findings are presented in the analytical chapter. In the final chapter I conclude the thesis, show the implications of the findings and discuss recommendation for future research.

2. THE SOCIAL INVESTMENT APPROACH AND IMPLICATIONS FOR CONTEMPORARY CHILDCARE POLICIES

In this section I provide an overview of the social investment approach in Europe to see how these objectives may drive the goals of recent childcare policies. I first elaborate on the drivers of the social investment policy paradigm and therefore, the possibility of converging European welfare states as a reaction to the new social risks. I outline competing political explanations for ongoing childcare reforms in European welfare states. Then I discuss the EU's potential influence on national childcare policies and the possible effects of the economic crisis 2008-2009 on social policy change.

2.1 Structural changes underpinning European welfare state change

The structural changes underpinning European welfare state change and the shift of policy objectives and instruments in Europe since the late 1980s are the demographic (low fertility rates, aging population), socio-economic (greater share of women's participation in the labor market), and sectoral changes (a macro-economic shift from manufacturing to services) (Pierson 2001; Lewis et al. 2009; Esping-Andersen 2002, 2009; van Kersbergen and Hemerijck 2012). Consequently, there has been a policy paradigm shift across European welfare states, more precisely towards the social investment paradigm (Morel et al. 2012; van Kersbergen and Hemerijck 2012; Hemerijck et al. 2013).

2.1.1 Investment in children, youth and adults

Researchers argue that welfare states have shifted from the old social policy paradigm resting on de-commodification and protection schemes against the so-called "old risks" (Brettschneider 2008) in an attempt to accommodate the social needs that Bonoli (2007) calls "new social risks": single parenthood, lack of stable families, long-term unemployment, and reconciliation of family and work (through greater flexibility concerning the working time and the workplace). The social investment approach is a "social strategy", not solely a strategy driven by economic considerations about how to recalibrate the welfare state (Morel et al. 2012), aimed to modernize the welfare state in the wake of the 21st century. The basic idea of the social investment approach is to support active social welfare by promoting life-long employment (activation policies) to ensure economic growth and early education in order to invest in human capital (future development). By this new approach social policies are commodifying or "productive" (Morel et al. 2012) as they are meant to stimulate and produce positive results through paid work throughout the life course. Vandenbroucke et al. (2011) argue that this new approach rests on "investment-oriented labor market policies".

One key objective of the social investment paradigm is to invest in human capital: in children through ECEC services and in youth and adults to help them adapt to ever-changing labor markets in terms of skills, a long-term investment. Investment in early childhood education has a social dimension also, however. It is aimed at poverty reduction and the principle of equality of opportunity, since high-quality childcare can reduce social inequalities as well (Esping-Andersen et al. 2002; Hemerijck et al. 2013). Morel et al. (2012) argue that the social investment approach and the principle of equality go hand in hand, as the former needs to adapt to the new risks of the current society e.g. the fight against intergenerational poverty. In order to do that, the same services and opportunities should be available to every individual, including quality childcare, education, and training opportunities.

Investment in adult workers is needed not least as a result of demographic changes. Life expectancy is rising in all of the European countries. According to Eurostat, between 2002 and 2012 life expectancy increased by almost 3 years and the average in the European member states was 80.3 years in 2012. The aging population coupled with declining fertility rates leads to changes in the population structure as well. Eurostat data demonstrate this effect: the number of people maintaining the welfare state is decreasing. The so-called dependency-ratio, the ratio between the total number of economically inactive people (age 65 and over) and the number of workers (from the age of 15 to 65) increased to 26.9 in European Union member states in 2012 from 23.9 in 2002. The problem with aging is that it imposes higher costs on welfare states. A solution found to this has been the upward trend in retirement age and a host of activation policies, including what have been called work-family reconciliation policies, described below. It is believed that active labor market policies can help members of society to cope with, among other things, the increasing costs of an aging population, changing family patterns, and different working conditions (Esping-Andersen et al. 2002).

2.1.2 Work-family reconciliation policies

Another important social change has been the decline of traditional family structures and division of work (Oláh 2003; Lewis et al. 2009; Fahlén 2011). Lewis et al. (2009: 4) refer to this change as "greater family fluidity" since more people are divorced, separated, or live in cohabitation rather than in marriage compared to 30 years ago and the number of lone parents has also increased. As a result, the reconciliation of work and family life represents a new challenge as the difficulties parents with young children face today are often very different from the ones that male breadwinner nuclear families used to.

In the second half of the 20th century welfare states questioned the "post-war male breadwinner" model (meaning the male breadwinner and female caregiver family model) and adapted to new socio-economic challenges in order to have a more sustainable economic system (Esping-Andersen et al 2002; Morel et al. 2012). Since the 1980s a new alternative emerged in most Western European countries in terms of how governments treat mothers and fathers, which was the "one-and-a-half" family model (Morgan and Zippel 2003, Daly 2011; Ciccia and Bleijenbergh 2014), meaning that women work part-time or take a short break from their work when raising young children or have other care responsibilities. Likewise, a more complex model also developed in Eastern Europe, rather than a simplistic male breadwinner/female caregiver (Szikra and Szelewa 2010) since a large number of women entered full employment in order to live on two earners' wages during state socialism. Yet, the division of labor at home (including care responsibilities) remained unequal between women and men (Szikra and Szelewa 2010; Boje and Ejrnaes 2011).

The discourse dominant in Europe is how to combine work and family life (Morgan and Zippel 2003; Leitner and Wroblewski 2006; Hobson et al 2009; Lewis et al. 2009) in order to maintain economic growth through increasing the number of adults in the labor market and their active employment, especially women. Therefore the policies aim to provide more opportunities for parents to reconcile work and family in order to raise employment rates and to promote economic growth. The work-life balance policies focus on childcare because the objective is to promote mothers' employment and secure their place in the labor market.

2.1.3 The sustainability of welfare states

Increasing participation in paid work is seen as creating "new links between employment policy and social security" (van Kersbergen and Hemerijck 2012: 478) because the lower the unemployment rate, the more tax revenues the state can bring in, which enables further social expenditures and human capital investment. In order to maintain economic growth in today's welfare systems, employment is promoted as the long-term panacea for a number of social (and economic) problems: unemployment and poverty; equal opportunities and gender equality, and – as we have seen – the rising costs of the welfare state and sustainable economic growth.

Childcare policy objectives have been affected in light of these issues as low fertility rates "make welfare systems unsustainable and countries uncompetitive" (Seeleib-Kaiser and Toivonen 2011: 337). The sustainability of welfare states, therefore, depends on (women's) employment, but also on higher fertility rates, contradictory objectives in the absence of reliable and affordable childcare, and high-quality education for all (children). Hemerijck et al. (2013) provide empirical evidence that family policies have a positive effect on child development, showing that good quality childcare and a high number of children enrolled in pre-school education improve educational performance over the life course. The long-term perspective is based on the fact that well educated children could later greatly contribute to their society and to economic growth. These are the reasons why it is important to invest in education, and the means for it is the ECEC services component of childcare policies.

2.1.4 Gender equality

The feminist literature deals with the gender dimension of family policies and welfare state change as policy reforms have gender considerations and support women's labor market participation (Lammi-Taskula 2006; Ellingsæter and Leira 2006; Lister 2009; Eydal and Rostgaard 2011). The question of gender equality, as might have been deduced, is an instrumental tool to achieve economic growth as gender equality policies can contribute to increased female labor market participation and support women in reconciling their work and family life (Stratigaki 2004). Javornik (2014) refers to previous empirical work which shows that parental leave and childcare services can explain cross-country variance not only in female employment, but also variation in the way in which men and women engage in parenting. The aim of gender equality policies is to reallocate care responsibilities focusing on a more equal distribution of care between men and women because the “traditional, two-parent, stable, male-breadwinner/ female carer family model” (Lewis et al. 2009: 4) is no longer as widespread as it used to be decades earlier.

The literature concerning the sociological aspects of the worker and family model of the emerging social investment paradigm tackles the question of individualization connected to freedom of choice, autonomy and independence of agency (Beck 2002, Hobson et al. 2009, Fahlén 2011, Daly 2011). The aspect of individualization which matters for social policy change is free choice and the economic independence of women. Daly’s (2011) work is highly relevant for my thesis because her empirical analysis shows that as part of the logic of the social investment approach, the assumption of the “adult worker model” has emerged across European welfare state policies as a core assumption. Men and women are treated as individuals (individual agency at the center) rather than as gendered members of family units. Daly’s (2011) piece shows how the social investment approach is present in childcare policies and her individualization framework is a way of thinking about the direction of contemporary social policy change. Individualization means shifting childcare from the family to the state, through public ECEC services. The question is whether there is a corresponding shift towards individualization in current social policies across European welfare states, notably Germany and Hungary, in this regard.

2.1.5 The social investment approach pertaining to childcare promoted by the European Union

I proceed to describing how the social investment approach is operationalized in European Union documents and policy discourse since 2002, to show how the EU is driving this emerging policy paradigm pertaining to childcare policies.

The point that I take from Radulova's analysis (2009) of secondary data of the European Commission documents is that as a result of the EU's focus on employment strategies, the conceptualization of childcare has changed and has received much more attention since 1997 with the introduction of the European Employment Strategy, which means that the EU policy discourse has been focusing on childcare since the 2000s. The social investment paradigm has been promoted by non-binding instruments in EU treaties: in the "Barcelona Target 2002" and the "Lisbon Treaty 2009", both influential for the discourse on the employment of women and men and an expression of concern for the provision of ECEC services as a tool to achieve higher employment rates among parents.

The aim of the Barcelona Target (2002) was that national aggregate employment rates should reach 75 percent by 2020 and, in order to achieve this, increased participation of women in the labor market was seen to be needed, therefore all member states should have 60 percent female labor market participation at least. To put this target into perspective, today the percentage of women in the labor market is around 70 percent in Germany, while in Hungary it remains below 60 percent (Eurostat 2011). Furthermore, another goal of the Barcelona Target was that at least one third of children under the age of three should be in formal childcare services and 90 percent of the children between three and the mandatory school age should be in preschool education (Barcelona Target 2002). The Barcelona Targets saw childcare as a tool to encourage women's labor market participation, hence the

EU's emphasis on the provision of ECEC services. Childcare facilities are also a means to achieve another goal: to protect 20 million people against the risk of poverty and intergenerational poverty by giving them economic security and thus improve their future prospects especially in the case of vulnerable social groups. The Lisbon Treaty's (2009) focus on a "knowledge-based economy" meant a shift away from the EU's social protection scheme. In the Lisbon Treaty the challenges connected to the "competitive knowledge economy" (Hemerijck 2014) were highlighted, thus the focus was on the improvement of education, research, innovation, and no longer on passive social protection (Hemerijck et al. 2013) and women's activation.

Vanderbroucke et al. (2011) argue for a "European-wide" social investment approach and call for the establishment of a common social and economic pact to sustain the EU's system with long-term policy goals and "short-term fiscal consolidation". Considering the current situation, i.e. the recession in the aftermath of the economic crisis, the authors recommend a long-term social investment approach (based on the new welfare paradigm) to sustain macroeconomic stability. According to Vanderbroucke et al. (2011), a common social investment pact would be important because there is a policy and policy objectives gap between the member states, and the adaptation of EU-objectives remains in the sphere of action of member states. It also demonstrates that the EU's reaction to the socio-economic changes in the 2000s and to the current economic situation is definitely driven by the social investment paradigm. This suggests that different member states are, in fact, shifting towards the social investment strategy in different ways, to different extents, suggesting that the assumption that there is cross-national variation in the extent to which member states embrace social investment might be correct. It is this question this thesis wishes to further pursue, therefore.

To conclude, the objectives of the social investment approach: investment in human capital, work-family reconciliation, the fiscal sustainability of the welfare state, and gender equality are clearly articulated in EU documents (Lewis et al. 2009; Knijn and Smit 2009). In many of the European member states two fields of childcare policy have gone through significant change since the 2000s to support the work-life balance objective: parental leave and childcare services provision, pointing to the fact that it was part of European member states' attempt to adopt policies that support the reconciliation of work and family life (Lewis et al. 2009).

The aim of this section was to outline the goals of the emerging social investment paradigm as the core vision at the heart of policy reactions to common problems in European welfare states. So far, I have described the objectives of social investment approach and pointed out that the European Union promotes the social investment policy paradigm pertaining to childcare. I now proceed to accounting for the possible political drivers of childcare policy change in European countries.

2.2 Competing explanations for contemporary childcare policy change in European welfare states

The EU discourse centers on common economic and demographic challenges European nations face today, leading to greater attention paid to the social dimension of European integration (Esping-Andersen et al. 2002; Lewis et al. 2009). Some researchers claim that all of the European states are shifting to the social investment paradigm (Vanderbroucke et al. 2011; Hemerijck et al. 2013). Over the past 25 years European states have increased their spending on childcare regardless of long-standing policy legacies. For instance, Kvist's analysis (2013: 97) shows that there is a trend in European countries to expand public ECEC services since 2008 even in countries that have long not had any such public provisions in place, such as Germany. However, it is not clear whether member states are shifting in the same ways or to the same extent.

So far I have described social investment as the leading policy paradigm in individual welfare states, without singling out particular countries. However, this general discussion leaves us clueless about whether the social investment paradigm is incorporated in similar ways and translated into similar policy instruments across individual European welfare states. Beyond the expected convergence of welfare states' reactions to new social risks in terms of policy objectives, there are competing explanations concerning the politics of childcare reforms across individual welfare states that might explain variation in the pace and direction of shifting towards social investment.

There are contradictory theories regarding welfare state expansion in comparative welfare state research. Critics of the power resource theory, according to which labor movements can have an impact on formal politics through leftist parties, which push for welfare state expansion as a form of redistribution (Pierson 2001; Korpi 2006; Bonoli 2008), have argued that the relation between welfare state expansion and the power resources of left wing parties and labor unions does not seem a plausible explanation. For instance, there are ambiguous findings on the impact of partisanship and welfare state type on active labor market policies (Vlandas 2013). This means that welfare regime types and party ideology alone cannot explain welfare policy expansion (Morgan 2013). For example, in Germany the conservative Christian Democratic Union is accounted for the radical, 'path-shifting' expansion of work-family policies, although it is the CDU that we would ideally expect to promote the male breadwinner model and, therefore, the opposite of de-familialising childcare policies (Leitner 2010; Fleckenstein 2010; Morgan 2013). The question arises, then, what the driving force behind specific welfare state reforms such as work-family policies promoting female labor market participation, gender neutral work-life balance and early years childcare and education in European countries is.

Mahon et al. (2012) consider policy convergence of childcare policies in different regimes. Although their findings show converging childcare regimes in Austria, Canada, Finland, and Sweden towards the social investment paradigm, they do not neglect path dependence. This indicates that the shift towards social investment does not change policy frames, such as embedded assumptions about gender roles. Therefore, historical legacies and institutional embeddedness still matter; the two phenomena (path dependence on the one hand and childcare policy convergence on the other) are not mutually exclusive. However, their findings do not explain path-shifting countries like Germany (Morgan 2013) and arguably Hungary (the subject of section 3.3 below), where we would not expect the current reforms to alter policy frames.

Regarding domestic factors behind contemporary childcare reforms, Morgan (2013) explains expansion in family policies across European states by emphasizing electoral politics. She argues that, instead of path dependence, path shifting family policy change is driven by the growing importance of women voters for party competition, women's issues figuring increasingly higher on party platforms and reform agendas. Childcare policies are one such issue. Thus, childcare policy change can be a result of electoral competition among political parties prioritizing working women's issues during elections and while in government, e.g. reconciliation policies (Morgan and Zippel 2003; Morgan 2013), more of a concern for women than men and women – as has been already noted – remain primarily responsible for the domestic sphere and much of unpaid care. Path shifting in European welfare states can also occur due to the number of women in government; whereas countries that lack this characteristic are likely to produce less significant reforms in childcare. Morgan's explanation (2013) seems plausible for Western European countries such as Germany, UK, and the Netherlands, which are the countries she analyses in-depth. However, in Central Eastern European countries like Hungary, where path-shifting childcare reforms have arguably taken place since 2010, the number of women in party organizations and the role of civil society is trivial (Inglot et al. 2012; Várnagy 2013; Koncz 2014; Szikra 2014). Therefore, the forces that may more likely push for women-friendly childcare policy reforms are largely missing in Hungary.

Another explanation for Germany's and possibly Hungary's path-shifting childcare policy reforms over the last few years, in contrast to politicians' office-seeking motivations, is that there might be "policy-seeking" mechanisms behind these reforms. As Szikra (2014) points out, paradigmatic policy reforms have been carried out in Hungary between 2010 and 2014 due to a great extent to the two-thirds majority of the ruling FIDESZ party in the national parliament. Szikra (2014) argues that radical reforms in all social policy fields were introduced during the aftermath of the 2008 crisis because there was a window of opportunity for the Hungarian conservative government between 2010 and 2014 to pass massive reforms in the absence of practically any veto players in the policy-making process.

In this section I have examined two different explanations concerning domestic factors behind childcare policy reforms in particular countries. Moreover, I have shown that these factors alone do not shed light on why European member states would converge towards the social investment paradigm with their current childcare policies.

2.3 The impact of the European Union on national welfare state change

The goal of this section is to assess how the EU – as an influential policy actor – may buttress or not social investment as the core goal of social policy adaptations it advocates in individual member states. I intend to show why and how the role of the EU in childcare policy change in national policy making is not negligible. In other words, I expect the EU's policy objectives and policy discourses to be reflected in national childcare policy reforms in path-shifting countries as a result of a number of institutional mechanisms.

2.3.1 Europanization of social policy

Obinger et al. (2013) argue that recent social policies cannot be longer examined only under the scope of nation states because of external factors, namely the influence of international and supranational organizations and the effects of interdependent relations between nation states. Although social policy remains the competence of member states within the EU, the national policy-making process might be influenced by the European Union because the latter outlines a regulatory framework and encourages specific policy approaches to certain challenges such as unemployment, youth unemployment, and gender inequality (Saari and Välimäki 2007; Nousiainen 2011).

The literature on the Europeanization of social policy has argued that the impact of European integration on national welfare states is both influential and complex (Martinsen 2005; Kvist and Saari 2007; Lendvai 2008; Nousiainen 2011; Kvist 2013). To describe the complexity of the EU's impact on member states, Martinsen (2005) argues for example that the EU's effects on national social policy depend on domestic factors: the degree to which member states are exposed to European integration and, second, on the "coerciveness" of European regulation. This means that it is not straightforward how the recommendations by and demands of the EU are fulfilled in different member states.

Obinger et al. (2013) also highlight that member states' openness to transnational influences and how flexible they are to incorporate EU promoted targets into their existing policies is also an important factor.

Besides legally binding tools (set by EU directives) that member states have to incorporate into their national legislation, the European Union uses a comprehensive set of non-binding instruments: defined targets, specific policy recommendations in accordance with EU objectives (Kvist and Saari 2007; Nousiainen 2011). Recommendations are a "form of naming and shaming" by the European Commission and Council, which encourage member states to follow EU guidelines (Vliet and Koster 2011), otherwise their good reputation and moral legitimacy might be blamed. The Open Method of Coordination (OMC) was devised as part of the employment policy in the EU (de Burca and Zeitlin 2003; Saari and Kvist 2007). Through the mechanisms of the OMC, cross-national learning across member states is promoted, although not mandated. Childcare policy belongs to the range of policy fields coordinated by this mechanism.

Although Saari and Kvist's findings (2007) show that an increased influence of the European Union can be witnessed on member states' social protection schemes after the introduction of the OMC, - and Blum (2014) for instance explains Germany's childcare policy reforms (see later in section 3.2.2) as a result of cross-national learning through the OMC - the influence of the European Union on member states' social policy is not only exclusively the result of the OMC. It is because the direct interventions by the EU are more influential in the areas of social policy (Martinsen 2005; Saari and Kvist 2007; Kvist 2013). The OMC is coupled with the EU's substantive involvement in the freedom of goods, capital, workforce and competition. Therefore, the EU intervenes in childcare policy through legislation related to these principles.

It is not clear whether the EU has been driving the adoption of policies characteristic of the social investment paradigm across individual European welfare states resulting in converging welfare reforms, but this is very likely. There is a research gap on the converging reforms in EU member states that are based on the term of social investment or diffusion in policy instruments such as paid parental leave (Obinger et al. 2013: 124). The question is whether it was the EU that played the key role in shaping member states' adaptation of reconciliation policies as they have been highly emphasized in all EU strategies in the past 10-14 years, or whether it has been other – primary domestic structural and political – factors responsible for this shift.

2.4 The impact of the economic crisis 2009-2010 on social policy, especially on childcare policy

The economic crisis hit in Europe in 2009 and resulted in high unemployment rates across most of the European states (van Kersbergen and Hylands 2011; Chung and Thewissen 2011; Diamond and Liddle 2012). In the Hungarian case, unemployment and youth unemployment significantly rose as a consequence of the crisis. Based on OECD labor statistics, unemployment rose from 7.8 percent to 11.2 percent between 2008 and 2010 and youth unemployment rose from 19.9 to 26.6 according to Eurostat table "Unemployment rate by age group, less than 25"(Eurostat). Economic growth declined in both Germany and Hungary. According to World Bank data, GDP in Germany decreased from $3.6 trillion to 3.3 trillion between 2008 and 2010, in Hungary from $154.2 billion to $127.5 billion during the same period.

What we know from the literature is that the crisis led to reactive social policies in most of the European states as opposed to politically viable social policy reforms, like cutbacks in government contributions (Chung and Thewissen 2011). However, as Kvist (2013) highlights, there is a research gap on the impact of the current crisis on social policy across European states since the literature tackles mainly the macro-economic effects of the crisis. There is no consensus in the literature on how to operationalize the effects of the crisis on social policy development in the European welfare states (van Kersbergen and Hylands 2011; Chung and Thewissen 2011; Diamond and Liddle 2012) because similar problems do not necessary lead to similar policy responses and the same magnitude of changes in policy instruments. Moreover, different countries stimulated the economy via different means and therefore used social policy instruments in different ways (Diamond and Liddle 2012).

Still, the EU expressed clearly its concerns that member states would remain trapped in stagnation and measures from the member states were needed to initiate economic growth (Hemerijck 2014). Therefore, in 2010 the EU policy discourse was primarily and predominantly concerned with the recession and possible solutions which may help to alleviate the stagnation. Part of this solution may be activation and, therefore, employment, seen to hinge on reconciliation policies among others. Nygård et al. (2013) argue that the effects of the financial crisis on family policies may be diverse: either we could expect cutbacks since family policies are "less institutionally entrenched" compared to other social policies (2013: 8) or in contrast, welfare states may choose to invest in families in order to overcome social problems such as rising unemployment and poverty brought about by the crisis. Still, considering that activation has loomed large across member states since the early 2000s, driven by the concerns outlined in section 2.1 above, I account for the role of the crisis theoretically as potentially determining the timing of contemporary childcare policy reforms.

One explanation for the timing of social policy reforms in the aftermath of the crisis in European countries can be due to the interdependence of EU member states, which could potentially explain the striking similarity in their reaction during the recession concerning labor market policies. Van Kersbergen and Hemerijck (2012) argue that since 2009 there has been an increase in active labor market policies in all the European member states. Obinger et al. (2013: 116) consider the economic crisis of 2008 as a "common shock" that resulted in similar short-term reactions in most countries. With regards to childcare policies, this similar reaction has presumably been in the direction of activation interventions, including changes in paid parental leave provisions and public ECEC services provision, as many countries' social policies were adopted to boost the output of GDP (Chung and Thewissen 2011). The question which arises is whether the financial crisis served as a catalyst to reform childcare policies geared towards activation and promotion of labor market participation while having young children.

2.5 Conclusions

To conclude the literature review, the social investment approach is an emerging policy paradigm in the European welfare states. I focus on the parental leave and ECEC elements of childcare policies because these are at the heart of this new paradigm. The policy objectives of contemporary childcare policies support maternal employment, investing in education (including early childhood education), the sharing of leave and childcare between spouses in an attempt to achieve gender equality and providing good quality family services (Brettschneider 2008).

The shift towards a social investment paradigm in childcare policies means the adaptation of leave policies and the expansion of public ECEC services to cope with the challenges for European welfare states: population ageing and low fertility rates, changed family structures and women's increased labor market participation. We do not know from secondary data to what extent there might be a shift towards the social investment paradigm and towards individualization as opposed to familization in recent childcare policies in the particular case of Germany and Hungary since 2008, so my first research question seeks to deal with this gap.

It seems that the social investment discourse has been driven by the European Union since the 2000s and that the EU has had an impact on national childcare policies through the various binding and non-binding instruments which the EU applies to member states. Presumably the EU has influenced the German childcare policy reforms in the 2000s, but it is not clear to what extent can the EU's impact be accounted for in recent German reforms and whether the EU-discourse affected Hungary or whether Hungary's childcare policy reforms may have been driven by other, domestic political factors. The effect of the recession in Europe also needs to be examined because it might explain the timing of the contemporary childcare policy reforms in Germany and Hungary, if not their direction. Thus, my two interrelated research questions are: (1) is there a (corresponding) shift towards individualization in Germany and Hungary in paid parental leave and early childhood education and care provisions? And (2) what are the drivers of these changes, why have they shifted towards individualization: as a result of Europeanisation, with the recession precipitating the adoption of Europe-wide policy instruments, or primary due to domestic political factors, the recession still mattering for the timing of reforms?

3. GERMANY'S AND HUNGARY'S CHILDCARE POLICY LEGACIES: DIFFERENT STARTING POINTS, SAME DIRECTION OF CHANGE?

The goal of this chapter is to explain the case selection, and to review the family models and childcare benefits in Germany and Hungary up to the late 2000s to see which childcare policy objectives and instruments these countries had at the starting point of my analysis. I then focus on what has changed in the German and Hungarian childcare policies since 2004 to see whether we could expect a shift towards the social investment approach based on what we know about these countries' policy legacies and recent reforms. I show what we do not know in order to extend the research on Germany's childcare policy change and fill the gap regarding the analysis of recent Hungarian childcare policy reforms during the latest Orbán government (2010-2014) especially.

3.1 Case selection

I intend to explore different types of childcare policy regimes, Germany and Hungary, to see whether I can discover similarities between their childcare policy objectives and childcare policy design since 2008. I analyze whether these two countries are both moving towards the social investment model. Germany and Hungary vary in their institutions and societal conditions regarding family policies and also had different childcare policy objectives and instruments at the starting point of this analysis, in 2008.

Morgan's (2013: 80) most different systems design is important for comparing two countries that have different social policy regimes and different legacies, yet are converging on similar path-shifting policy changes. Morgan (2013) recommends looking at what the cases – that differ on other factors i.e. characteristics of social policy regimes - have in common to identify the same direction of reforms and to explain why they have shifted from their path. I also adopt a most different systems design here by choosing Germany and Hungary. In this case path-dependence does not explain Germany's and Hungary's recent path-shifting childcare policy reforms. I look into what these cases have in common, the reforms that are essentially similar, to explain why both Germany and Hungary have moved in the same direction and expanded their childcare policies in particular ways between 2008 and 2014.

3.2 Germany

The goal of this section is to describe German childcare policy in terms of the family models they promote, their paid parental leave provisions and public ECEC services provision before the 2000s, concluding with the reforms of the 2000s and their interpretation as "path-breaking change" (Fleckenstein 2010; Mätzke and Ostner 2010; Morgan 2013).

3.2. 1 Policy legacies in Germany

During the reunification of East and West Germany after 1989, policymakers faced several difficulties, e.g. high unemployment rates, and it was costly for Germany to calibrate its social welfare system. Concerning the division of labor, until the 1990s the (West) German model still represented the male-breadwinner and female caregiver model (Lewis et al. 2009; Mätzke and Ostner 2010; Rüling 2010). In East Germany, however, extensive public childcare was provided[2], to be preserved after unification to encourage working mothers' employment (Fagnani and Math 2010: 8). The support for the "traditional family ideal" (van Kersberger and Hemerijck 2012) has since changed and Germany introduced reforms at the beginning of the 2000s encouraging labor market participation for women, thus

[2] In 1998, sever years after the unification there was still a huge difference in the number of children enrolled in public childcare under the age of three: 2.8% in Western states and 36.3% in the Eastern federal states (Blum 2014: 364).

shifting from the male breadwinner/female caregiver family model towards the dual earner model.

Until 2000 the Parental Leave Legislation stated that parents were allowed to take up to 36 month leave after the child's birth, immediately after the birth. The combination of leave with paid work was possible, but limited to 19 hours employment per week. However, under the Red-Green coalition between 1998 and 2002 the instrument settings of the leave policies were radically reformed in 2001 (Fleckenstein 2010; Fagnani and Math 2010; Morgan 2013). The previously 19 hours of work during parental leave were raised to 30 hours to promote employment for parents even during children's early years even more. The cash allowance of the paid leave remained income-related, but the maximum cap on the value of the benefits was raised. Moreover, parents could share the three years of leave either by being on leave for one year and then claim a (thirty percent) higher income-tested leave (Ostner 2010) or split the three years leave into 24 plus 12 months and take the second part of the leave later, before the child reaches the age of eight. This reform provided greater flexibility for working parents to combine their work and care-related responsibilities. On the other hand, parents with no employment history were not historically covered and could not exercise their right to care for their own child with public support.

Concerning ECEC services, many researchers argue that there has been a shift from non-state intervention to an expansion of publicly financed and, more recently, publicly delivered childcare services (Morgan 2009; Lewis et al. 2009; Rüling 2010). After the unification of Germany there was a huge variation in the coverage and quality of state provided childcare in different areas because childcare services were local authorities' responsibility, coupled with the fact that the country traditionally had a "low public involvement in early childhood education and care" mostly (Rüling 2010: 154) in Western federal states. However, state involvement in providing services for children under the age of three increased when in 2004 the Day Care Expansion Act was passed, which aimed to support municipalities to "double the supply of childcare" (Morgan 2013: 96) and reach the target of 17% enrollment rate by 2010 (Hübenthal and Ifland 2011; Fleckenstein et al 2011; Blum 2014). There is statistical data to prove the fulfillment of this goal: the enrollment rate of children under three years in formal childcare was about 23 percent in 2010, nearly the double of figures in 2003 based on an OECD (2014) report.

3.2.2 Policy reforms in the beginning of the 2000s and their interpretation

We can see that the German policy shift manifested itself in significant legislative changes and reforms. Two aspects of childcare were targeted through legislation: the improvement of ECEC services for children under three and paid parental leave. The provision of childcare entitlement for every child between one and three has significantly developed since 2004, when the German government first passed the so-called TAG bill ("Tagesbetreuungsausbaugesetz"). The reform mandated local authorities to provide sufficient childcare for children under the age of three, reflecting demand (Morgan 2009; Rüling 2010; Fleckenstien et al. 2011). In 2007, the government also introduced the reform of income-related parental leave benefits and expanded paid parental leave to parents with no or only part-time employment history prior to childbirth (Elterngeld).

The introduction of Elterngeld changed the duration and amount of the parental benefit, thus increasing the number of eligible parents. This reform provided a more generous benefit for high-income families: 67% replacement rate of previous earning. Concomitantly, the leave period was shortened to 12 months. In addition, a non-transferable leave period, two bonus months, were introduced for the other parent, in most of the cases the father, adding up to 14 months if both parents take minimum two months of leave. This was a step towards a more equal sharing of care responsibilities between the parents, reflecting – as we shall see – European policy trends in this regard. This new regulation also encouraged the employment of labor market insiders as parents were allowed to work up to 30 hours per week (Fleckenstein 2011). The Elterngeld reform made non-employed parents or low income earners eligible for receiving a minimum of 300 Euros per month with the ceiling of 1800 Euros (Blum 2014).

In short, there has been an expansion of childcare services and other reconciliation interventions for families with young children. We can see from the literature that Germany has shifted from the male-breadwinner, female caregiver model towards a dual-earner family model, through strong commitment to the de-familialisation of early years childcare and the expansion of cash-for-care and time benefits for parents with and without employment history prior to childbirth. Since the beginning of 2000s childcare policies not only encourage fathers for taking leave, but the responsibilities between the state and family regarding childcare have also changed, providing more readily available public ECEC services. Furthermore, policies support work-family reconciliation as the benefit system provides more flexible working conditions for parents during the early years.

The research gap in Germany's case is that we know little what drove "path-shifting" childcare policy changes since 2004. There are competing explanations of the drivers behind these reforms. According to some researchers, the demographic motivations – to increase fertility rates – played a key role in determining social policy changes enacted over the last decade. Ageing and low-fertility Germany has seen a discourse around reproduction linked to supporting work-life balance, emphasized since the beginning of the 2000s (Lewis et al. 2009; Seeleib-Kaiser and Toivonen 2011). Morgan (2013) argues that as a result of women's increased workforce participation, social changes take place and influence the competition for the electorate's votes and that was the case in Germany.

On the other hand, Blum's (2014) study claims that the childcare policy reform process in Germany between 2000 and 2010 cannot be explained without cross-national policy transfers, an argument developed using expert interviews. Blum argues that besides domestic factors, policy change in German parental leave and childcare policies that started in the beginning of 2000s is a result mainly of vertical transfer taking into account the European Union's OMC policy learning processes – mostly the influence of Sweden serving as an example, – and partly of horizontal transfer meaning policy exchange between Austria and Germany.

To conclude, I investigate whether childcare policy change in Germany starting from 2008 can be explained by domestic factors or other, external factors, namely by the EU's influence. We can observe that the discourse around childcare policies emerged in Germany a few years later than in the EU. I assume this is because of the influence of the European social model strongly centering on social investment.

3.3 Hungary

Having reviewed the German case, this section discusses the policy legacies in Hungary until 2004 and the subsequent reforms regarding the division of childcare within the family, between the state and the family and the benefit system.

3.3.1 Policy legacies

The new social risks are observed in all European countries, however, as Cerami (2007) and Cerami and Vanhuysse (2009) argue, welfare state development in Central and Eastern Europe can be differentiated from the West because there are broader types of social risks (new social risk groups are bigger, there are class-based, group-specific risks for instance) in addition to the "new social risks" in the context of de-industrialization, the tertiarization of employment, women's participation in the labor market, and comparatively less stable family structures. In the case of Hungary, because of the re-structuring of the centrally planned economy, the changes in economic policies and societal dimensions that occurred since 1989 charged the Hungarian welfare state and families with a "double burden of responsibilities" (Cerami 2007: 23) like in most other Eastern European states.

Previous research on post-communist family policies (Szelewa and Polakowski 2008; Szikra and Szelewa 2010) points out that after the transition, the Central and Eastern European states had to cut social policies because of budget constraints and in case of family policies they decreased financial assistance for childcare centers and thus, reduced the state's role in childcare and supported greater familization compared to the socialist era, especially during the early years (Ferge 1997). This was the case in Hungary, where one of the reasons for the poorly organized public childcare system was that during the transition the financing of daycare institutions was decentralized and local governments were not able to organize early childhood services successfully (Blaskó and Gábos 2012), although many state-owned enterprises did provide free-at-the-point-of-use ECEC services for their employees. However, there are some controversies in the literature regarding Hungary's ECEC services after the transition, Saxonberg (2014) providing a compelling counter-argument that among post-socialist countries Hungary was the only exception that did not radically decrease the number of public early childcare places due to institutional factors. Regardless of over-time institutional trajectories, public ECEC services for under-threes cater to a small minority of families with young children in Hungary today: around 11% of children are enrolled according to OECD data (see also Saxonberg 2014).

Under the first government after the transition (1990-1994), universal (GYES) and employment- related (GYED) paid parental leave entitlements were in place.[3] Women were allowed to take up to three years of leave in total, under different financial arrangements. As a result of increasing unemployment, under the next government (1994-1998) austerity measures were introduced and childcare allowances became subject to means-testing (Ferge 2001; Haney 2002). In 1998, after a short period of means-testing, the first Orbán cabinet (1998-2002) reintroduced universal entitlements especially as regards parental benefits, meaning that the eligibility of women to paid parental leave was not restricted (Fodor et al. 2002). Since 2002 under the next two periods of the Socialist government, the combination of leave and paid work was allowed.

3.3.2 Policy reforms in the 2000s and their interpretation

The 2002 reform regulated that women on GYED could choose to work full time while women on GYES and GYET were allowed to work part time after their child reached the age of one. In 2007, the parental leave system included the following components based on Szikra and Szelewa's (2010: 100) summary: GYED (employment-based parental leave) available for either parent with the length of maximum two years, at an income replacement level of 70%; GYES (universal parental leave) to the amount equal to the minimum pension, available for either parent or a grandparent for up to three years, with

[3] Additionally, a new type of maternity leave (GYET) was introduced, which was available for parents with at least three children and made it possible for the mother to stay at home until the youngest child reaches the age of eight (Szikra and Szelewa 2010).

the possibility of employment up to 8 hours per day. It is allowed to combine the GYED with the remaining one year of GYES after the expiry of the former (a maximum of two years).

Szelewa and Polakowski (2008: 129) describe the Hungarian system as a “comprehensive” childcare support type having low quality childcare “combined with the generous and accessible parental leave benefits” between 2002 and 2004, which is the latest time point of their analysis. Javornik (2014) applies Leitner’s (2003) definition of “explicit familialism” to describe the state’s relation to the family in terms of sharing childcare in Hungary’s case because her empirical findings show that in Hungary at the end of the 2000s, until 2008, the state still supported family childcare by providing relatively long parental leave, while public childcare services were limited for children under the age of three. Glass and Fodor (2007) also share this description of the Hungarian situation. This is relevant for my research to see how much the Hungarian state relied on family and not public childcare at the starting point of my analysis.

Hungary seems to depend on (historically entrenched) maternal care and to continue promoting familization through childcare policy. Hobson et al. (2011) demonstrate this process with empirical qualitative data on Hungary: in spite of the generous benefits and relatively long period of leave, mothers said that it was difficult for them to re-enter the labor market after the leave period as there were limited opportunities for part-time jobs to achieve genuine work-life balance during their children’s early years. Szelewa (2012) also supports this conclusion.

The question is whether the country continues the organization of ECEC services in line with the relatively long parental leave or shifting towards individualization and an expansion of childcare services for under threes. In 2012, one of the lowest fertility rates of EU member states was recorded in Hungary (around 1.3 births per fertile woman, based on Eurostat) and, not surprisingly, the rhetoric of the Orbán government (since 2010) has emphasized reproduction as a “priority” of the Hungarian nation (in a similar vein as in Germany), especially among middle-class families (Szikra and Győry 2014). Saxonberg (2014) reminds us that this is a recurrent policy preoccupation and policy discourse in Hungary, evident throughout the 20th century. Therefore, based on Hungary’s policy legacies and the way in which childrearing is framed by the current government, I would expect the shift towards individualization to be weaker than in Germany. This is primarily because, among the European member states, Hungary is mainly characterized by extended parental leave and women usually return from parental leave immediately to full-time employment in the absence of part-time employment opportunities (Boje and Ejrnaes 2011; Szikra and Győry 2014). It is not obvious to what extent there might be a shift towards the social investment paradigm in the Hungarian case and therefore, it is highly relevant to examine this question.

4. METHODS OF ANALYSIS FOR CONTEMPORARY CHILDCARE POLICY

The purpose of this chapter is to present the precise description of the steps of my analysis. I carry out a qualitative content analysis of a selection of German, Hungarian and EU policy documents and legislation to address my research questions. First, I describe the steps that will be endeavored to answer my research questions and in the final section I show the policy documents lists I work with.

I apply Mary Daly's (2011) framework to analyze whether the German and Hungarian contemporary childcare policy texts show in these countries a shift towards individualization, briefly described in section 4.1. Then I argue why I proceed to compare the policy objectives of selected EU documents targeting childcare with the German and Hungarian policy objectives in recent childcare policies to check whether the changes in Germany and Hungary might have been responses to the EU policy discourse around childcare, the focus of section 4.2. Then I move on to describe in section 4.3 how I test my hypothesis that the financial crisis might explain the timing of the policy reforms in my selected cases. Finally I expand on the primary data, i.e. the selected list of policy documents from Germany and Hungary, and EU documents regarding childcare policies.

As Obinger et al. (2013) argue, qualitative methods may be more appropriate for comparative welfare state research that analyses policy diffusion or transfer. The reasoning for this is that an in-depth analysis of cases thoroughly investigates why social policy reforms happened, while quantitative, temporal, and spatial methods across countries cannot necessarily do this.

4.1 The individualization framework for analyzing the content and extent of childcare policy reforms

The process Daly (2011) describes is the shift from familization to individualization in family policies, in which childcare is shared between the family and the state, with greater responsibility towards commitment to public childcare, and by enabling individual parents' choices in picking childcare provision. In this model men and women are treated as individuals rather than as (gendered) members of family units and are assumed to be active in the labor market. These assumptions are the same as those of the social investment policy paradigm: Daly's (2011) individualization framework is another way of thinking about the direction of social policy changes within this new social policy paradigm. To answer my first research question, whether there is a corresponding shift towards individualization in the German and Hungarian welfare states, I use Daly's (2011) individualization framework to investigate whether these two welfare states are exhibiting a move towards similar assumptions of individualization in childcare policy provisions, evident in the relevant pieces of legislation. The comparative analysis of childcare policy reform legislations in Germany and Hungary can help first to justify the assumption that these two types of welfare states are shifting towards individualization and, second, to see if Germany and Hungary are shifting to the same or to different extents towards individualization.

To capture the trend towards individualization in the social policies of European states, Daly (2011) developed a framework including four dimensions to conceptualize change in family models and relations in the direction towards individualization and familization. In the following figure I list the four dimensions Daly sets up (2011: 8):

Individualization --- Familization

← Treatment of people as individuals or family members →

← Location of care and its construction as paid or unpaid →

← Treatment of family as institution/set of relations →

← Problematization of gender (in)equality →

From these four dimensions I exclude Daly's category of "the favored location of care and its construction as paid or unpaid" in my analysis because I only look at components of childcare policy that are influenced by the social investment approach: paid parental leave and ECEC services, neither of which vary on the 'location of care' dimension. Along these three dimensions individualization can be traced by the following examples of policy change:

Table 1: *The relevant part of Daly's framework (2011: 9) for the analysis*

Focus	**Towards individualization**	**Towards the continuation of familization**
(1) the treatment of people as individuals or family members	granting some rights to children promotion of worker role for women, mothers especially	support for part-time employment for mothers
(2) degree of public compensation of care	expansion of childcare services outside the home	extension of parental rights around care that enable parental childcare
(3) treatment of gender inequality	paternity leave reserved daddy months bonus month for equal sharing of leave	endorsement of maternal childcare

This conceptual framework provides an analytical tool to define the direction and degree of the possible shift from familization to individualization in childcare policy texts in a comparative perspective, which makes it a useful tool to compare German and Hungarian policies through content analysis. In my analysis of German and Hungarian legislation I consider policies regarding parental leaves and childcare services and hone in on policy objectives (for a complete list, see Table 3 and 4). Furthermore, beyond looking at policy objectives, I also infer policy goals from actual policy design since changes towards individualization (or not) may be evident in the provision of the legislation, e.g. who is entitled to care (mother, father, parent), under what financial conditions and, considering labor market realities, what likelihood there is for policy-conforming behavior.

4.2 The role of the European Union in domestic policy making

According to Bacchi (1999) and Kremer (2007), cultural norms concerning childcare and education play the key role in the design of family policies, meaning that culture always determines the characteristics of childcare policies in terms of family and work models. However, my question is whether the recent changes in Germany and Hungary could be expected from policy legacies or from the effect of the European Union. In order to analyze the EU's influence on national childcare policies, we have to look at countries where organizing principles and legislation have changed because of the possible effect of European integration (Martinsen 2005: 1029). To answer my second research question about why Germany and Hungary might have shifted towards individualization, I examine whether the policy changes in these countries happened mainly due to EU policy discourse and policy learning or some other factors.

I expect the EU's policy objectives and policy discourses to be reflected in national childcare policy reforms in both Germany and Hungary. Based on the goal of the Barcelona Targets (see section 2.1.5 in Chapter 2), member states should have reached the common targets by 2010. In order to achieve these, the commitment was re-affirmed by member states in 2011. Since then the European Commission makes country-specific recommendations on female employment and ECEC services availability every year to member states that have not fulfilled the targets yet, including Germany and Hungary, I expect the influence of the EU to be substantial and direct. I account for the role of the EU also because it imposes directives on member states as binding instruments and it has multiple non-binding instruments which encourage member states to follow EU guidelines, such as reports and recommendations by the European Commission and Council.

Nousiainen (2011) argues that as a result of the regulatory process of family-related leave policies, the EU has a visible influence because it can affect the design of care responsibilities in member states through directives. EU directives state certain goals and minimum requirements, but it depends on the national authorities how to meet these goals through legislation. The European Council imposes directives on member states that are legally binding such as the directive on parental leave (2010/18)[4]. The question is whether Germany and Hungary belong to the countries that endeavor to meet the standards set up in the Parental Leave Directive which was implemented in 2010. Hence I will analyze how Germany and Hungary adapted the EU directive on Parental Care (2010/18) in their national legislation to see whether they made changes to their laws based on the integration of the EU objective.

4.3 The role of the economic crisis 2009-2010

The conceptual framework I use to try to explain the timing of the German and Hungarian reforms is based on the assumption that the economic crisis triggered reforms in childcare policy making. I examine whether the reforms in Germany and Hungary in 2009-2010 can be considered to be related to the crisis. Since the authorities cannot instantly react to the

[4] This directive sets up the minimum requirements for parental leave for all employed people in the EU member states.

crisis via policy, I take into account that there is some time lag between the time the crisis hit in late 2008 and the time of policy change and implementation. Therefore, I do not account for the role of the crisis in policies adopted in 2008 but rather after 2009-2010. This is due to considering the policy implications of the aftershock of the crisis.

Based on what we know from the literature, the short-term reactions to the economic crisis were in line with the social investment paradigm because the focus was on the adaptability of employees and their training, which increases employability and, thus, growth and competitiveness as well as flexibility on the labor market (van Kersbergen, and Hylands 2011, Chung and Thewissen 2011). I argue that employment-oriented childcare policies are linked to the goal of tackling high unemployment levels. Hence, the crisis could affect recent childcare policy reforms as contemporary childcare policies are seen as productive and "preventive social strategies" **(**Nygård et al. 2013) that could benefit in the long run. That is why I expect expansion and that the recession triggered the adoption of employment-related childcare policies in Hungary and Germany. Therefore, I expect a change in instruments that provide greater flexibility of combining work and parental leave.

4.4 Method of analysis and primary data: policy documents

I carry out qualitative content analysis on a list of policy documents (see Tables 2-4 below) to reveal the political objectives at the European Union level and to identify the policy objectives in the current German and Hungarian childcare policy legislations, respectively. This is a list of all policy provisions adopted between 2008 and 2014 regarding paid parental leave and ECEC services. I got to these policy lists by looking for legislation using the search option with the key words "parental leave", "children", "early childcare" and using the specified aforementioned dates in order to see data from the time period I examine: 2008-2014. All the EU law and other public EU documents are in the database *EUR-Lex* (http://eur-lex.europa.eu/homepage.html?locale=hu). The German laws can be found in German at the website of *the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth* (http://www.bmfsfj.de/) and the Hungarian legislation is available at the Hungarian law database: *Jogtár* (http://net.jogtar.hu/).

The content analysis is based on Bacchi's (1999) approach to the construction and representation of policy problems. Bacchi's approach examines critically "the ways in which 'social problems' are represented and what follows from these representations" (Bacchi 1999: 6) therefore, it is useful to analyze how representation (e.g. framing) shapes policy issues and policy responses. What I take from her analytical framework is to examine "the language, concepts and categories employed to frame an issue" (Bacchi 1999: 10) because it helps to investigate policy objectives behind childcare policy reforms. The three different sets of policy objectives – EU, German and Hungarian – are compared and contrasted. First, I compare the legislation in Germany and Hungary with reference to Daly's dimensions of individualisation, then I contrast these two sets of objectives with the EU policy objectives. Deriving from the second research question, I compare the German and Hungarian legislation with the EU documents based on what the social investment paradigm means in childcare: (1) promotion of female employment, (2) reconciliation measures, how to combine work and family: conditions of paid parental leave and (3) investing in early education and care by developing public / publicly subsidized daycare for young children. The date of the legislation is an important element for the comparison here because I can demonstrate if particular German or Hungarian policies were adopted as a response to EU discourse (or not).

Table 2: *List of European Union documents*

In the table below I refer to the following policy objectives: promotion of female employment (FE), reconciliation measures (RM), early childhood education and care (ECEC).

Date of adoption	**Document**	**Type of document**	**Policy objective**
3 March 2010	Europe 2020	10-year Strategy	FE RM ECEC
21 January 2010	Opinion of the European Economic and Social Committee on 'Early childhood care and education	Own-initiative opinion	ECEC
1 January 2012	Directive 2010/18/EU on Parental Leave	Directive	FE RM
20 February 2013	Social Investment Package by the European Commission 2013	Series of non-binding documents	FE RM ECEC
3 June 2013	Childcare: Commission calls on Member States to do more	Report	FE RM ECEC
2 June 2014	Council Recommendation on Germany's 2014 National Reform Programme	Country-specific Report	FE RM ECEC
2 June 2014	Council Recommendation on Hungary's 2014 National Reform Programme	Country-specific Report	FE RM ECEC

In the following tables I look for (i) policy objectives set out in EU documents (promotion of female employment, reconciliation measures and early care and education) and (ii) policy objectives outlined in Daly's (2011) framework: (1) treatment of people as individuals or family members, (2) public compensation of care, (3) gender equality.[5]

[5] As already stated in section 3.1 I exclude Daly's fourth category of "favored location of care".

Table 3: *Recent German legislation*

Date of adoption	**Legislation**	**EU objectives**	**Policy objective in terms of Daly's framework**
15 December 2008 (practical implementation: from 1 August 2013)	Children's Advancement Act (Kinderförderungsgesetz)	FE ECEC	(1) (2)
1 January 2012	Federal Child Benefit Act (Bundeskindergeldgesetz / Kinderzuschlag)	RM	(2)
1 January 2012	Federal Act on Parental Allowance and Parental Leave (Bundeselterngeld- und Elternzeitgesetz)	FE RM	(1) (2) (3)
21 February 2013	Federal Law on Financial Assistance to Expand Daycare of Children (Bundesgesetzblatt I S. 250- Gesetz über Finanzhilfen des Bundes zum Ausbau der Tagesbetreuung für Kinder)	ECEC	(2)
1 August 2013	Child Care Allowance (Betreuungsgeld)	ECEC	(1) (3)

Table 4: *Recent Hungarian legislation*

Date of adoption	**Legislation**	**EU objectives**	**Policy objective in terms of Daly's framework**
1 January 2010	Act on the Improvement of Nurseries (I. 19.) [ÖM rendelet a bölcsődék és a közoktatási intézmények (…) feltételeiről]	ECEC	(2)
1 January 2011	Fundamental Act on the Protection of Families (2011. évi CCXI. törvény a családok védelméről)	FE RM	(1) (3)
1 January 2011	Act on Public Education (2011. évi CXC. törvény a nemzeti köznevelésről)	ECEC	(2)
11 April 2011	Constitution of Hungary (Magyarország alaptörvénye)	ECEC	(1)
1 July 2012	New Labor Code of Hungary (2012. évi I. törvény a munka törvénykönyvéről)	RM	(1) (3)
1 January 2014	Modification of the Act on the Support for Families (1998. évi LXXXIV. törvény a családok támogatásáról)	FE RM	(1) (3)
1 January 2014	Last modification of the Act on the Protection of Children (1997. évi XXXI. törvény a gyermekek védelméről és a gyámügyi igazgatásról)	ECEC	(1)
1 January 2014	Modification of the regulation on childcare policies [2013. évi CCXXIV. törvény az egyes törvényeknek a gyermekgondozási ellátások átalakításával (…), összefüggő módosításáról]	FE	(1)
1 January 2015	350/2014. (XII. 29.) Act on Paternity Leave [Korm. rendelet (…) az apát megillető pótszabadság igénybevételéről…]	RM	(3)

5. ANALYSIS OF THE SELECTED POLICY DOCUMENTS

5.1 Analysis of contemporary German and Hungarian childcare policies

I apply the following categories indicated in Table 1 above, based on the dimensions Daly (2011) defines and interprets as evidence of a shift towards individualization or continuation of familization: (1) the treatment of people as individuals or family members, (2) degree of public compensation of care, and (3) treatment of gender (in)equality, in order to describe childcare policy changes and analyze policy objectives. The question is whether Germany and Hungary continue the organization of ECEC services in line with the traditional long parental leave, which I consider familization, or whether they support individualization, meaning shift some childcare from the family especially during the early years. Furthermore, the question arises whether parental leave policies support familization or individualization in terms of the adult worker model or more traditional family models. In the next section I examine childcare policy developments in Germany and Hungary between 2008 and 2014 to answer these questions.

To examine the changes from the angle of familization and individualization measures as regards parental leave, I analyze the duration of parental leave; eligibility criteria with a focus on who the eligible individuals are in terms of gender, labor market status etc.; freedom of choice between work and care; the possibility to combine leave and employment and the flexibility of this combination; and explicit interventions buttressing gender equality in the division of early years childcare (e.g. daddy months and bonus time). Concerning public childcare services, I look at eligibility, duration of service provision, and availability (or coverage). Table 5 below contains the current German and Hungarian benefits detailed along these dimensions.

Table 5: *Typology and contemporary leave policies in Germany and Hungary in 2015*

	kind of benefit	**eligibility**	**duration**	**value of the cash benefit**
Germany				
“Elterngeld”	paid parental leave’s (“Elternzeit”) cash component	for insured parents both parents are eligible if they both take at least 2 months	up to child’s 28th month	67 percent of wage for 12+2 months, capped at 1800 Euros “Elterngeld Plus”: half of the amount if extended to 24+4 months, on a part-time basis
“Partnerschaftsbonus”	complementary paid parental leave’s (“Partnermonate”) cash component	for insured parents	up to 4 months out of the 24+4	the cash benefit of one month “Partnerschaftsbonus” is equivalent to the value of an “Elterngeld Plus” month if *both* parents work minimum 25 and maximum 30 hours a week
“Betreuungsgeld”	care benefit	parents who do not use public childcare facilities and are not in paid work	up to 22 months (from 15 to 36 months of the child’s life)	150 Euro/month
Hungary				
“Az apát megillető pótszabadság”	paternity leave	all male employees	5 working days (7 in case of twins)	100 percent of wage
“Gyermekgondozási segély”(GYES)	parental benefit	for uninsured parents, either parent OR grandparent	up to 3 years	flat-rate, the amount of the minimum pension (28.500 Ft in 2014)
“Gyermekgondozási díj” (GYED)	paid parental leave’s cash component	for insured parents, either parent OR grandparent	up to 2+1 years	70 percent of wage until 2 years, capped at 147.000 FT + 1 year flat-rate (as GYES) possibility to combine leave period with (unlimited) paid work after the child’s first birthday

5.1.1 The treatment of people as individuals or family members

Within the dimension of how people are treated I analyzed the typology of recent childcare reforms to see how terminology regarding care givers may endorse familization or individualization. In contemporary childcare reforms a shift towards individualization may appear in treating people as individuals rather than family members and in gender neutral language for instance, while continuation of familization means using language that reinforces the traditional family patters as an institution.

The question is the treatment of individuals as family members (considered as the continuation of familization) or working individuals. Hungarian documents refer to potential beneficiaries as "parents" (szülő), without specifying the parents' relation or calling them "mother" or "father". In the Hungarian case, using the term "parent" defines women's (or eventually fathers') role as family members rather than focusing on their worker role. On the other hand, the German legislation often uses the term "the entitled person" (die berechtigte Person), which does not define people by their family roles, nor does it assume that the claimant may claim as a member of a couple. In other words, Hungary has stayed with a more familializing understanding of individuals when claiming childcare-related benefits, whereas in the German case a more individualized language is evident.

Daly (2011) argues that a step towards individualization is granting children individual rights, therefore treating them as citizens in their own right regardless of the entitlements that may accrue to other family members. This rights-based perspective can be clearly seen in Germany where the "Kinderförderungsgesetz" (KiföG) §24/2 states that since 1 August 2013 children between one and three have a legal right to a place in a public early childhood education and care center for the purpose of early development ("ein Kind… hat

Anspruch auf frühkindliche Förderung …”). In contrast, the Fundamental Law of Hungary (2011) deals with the parents’ rights: “every parent has the right to choose the means of care for their children”. Although the Hungarian “Act on the Protection of Children” 1997 lists the fundamental rights of children, it does not particularly grant individual rights to public childcare to very young children as in Germany’s case. In short, while Germany treats children as claimants of social services in their own right as of 2013, in Hungary childcare is constructed in legislation very much as a parental choice: children are practically absent as social citizens.

What I take as a strong indicator for shifting towards individualization in legal documents is supporting mothers’ employment while also caring for young children. In this case, the goal is to promote mother’s worker role by granting the right to work without losing parental benefits. This change happened in Hungary with the reform of GYED and GYES in 2013, allowing claiming parents to work full-time after the child’s first birthday and still receive the full cash benefit associated with the paid leave. Furthermore, mothers who receive GYED, but choose to work at the same time, are also eligible to apply for a place in public nurseries. Enabling mothers to undertake employment during what has been for decades a three-year full-time leave to raise one’s children signifies a paradigmatic shift in Hungarian parental leave provisions. Thus, it supports freedom of choice in parenting *as well as employment* decisions such that claiming parents can undertake paid work even during their children’s first three years of life. This act means a step towards individualization as it promotes the mother’s role as worker, but also a clear support for activation: a cornerstone of social investment. Instead of relying on stay-at-home support, claiming parents can decide to work and use GYES or GYED as a cash-for-care benefit to pay for informal childcare services. This change is especially relevant in case of lone mothers, encouraging their employment and their financial independence.

Furthermore, the eligibility of GYED was expanded. First, from 2014 with the introduction of “GYED-extra” mothers who are on GYED benefit with their children and give birth to a new baby, will continue to receive the allowance for the elder children and become eligible for the benefit also with the newborn baby. Second, the eligibility of GYED was expanded to women who have completed minimum two semesters at a higher education institution, this way raising the number of insured mothers (targeted at middle-class groups, however). In Germany the eligibility of “Elterngeld” was also expanded. The “Geschwisterbonus” (“sibling bonus”) was introduced, which is an increased cash benefit for parents who receive “Elterngeld” and have two children under the age of three or three or more children under the age of six. This case the benefit is supplemented by a 10 percent raise or minimum amount of 75 Euros. The expansion that aims to support parents (who are eligible for paid parental leave) with more small children (whose age difference is less, than 3 years) is significant in case of Hungary, as parents receive the same amount of benefit after each child while in Germany the 10 percent raise of the benefit is relatively low.

Supporting parents’ role as workers can also be seen in the modification of the German “Federal Act on Parental Allowance and Parental Leave” in 2013, which introduced the provision “Elterngeld Plus”. This enables parents to work part-time up to 30 hours per week and receive the cash benefit (half the amount otherwise received for 12+2 months) for 24+4 months. This gives flexibility to working parents who can end their full-time leave after 1 year and their income from part-time work is compensated with the benefit.

Moreover, the parents can apply for this benefit together and if they *both* work simultaneously minimum 25, maximum 30 hours per week they can receive the benefit for an extra 4 months after the 24 months ("Partnerschaftsbonus")[6]. By contrast, in Hungary there are no such "daddy" or extra months that would encourage the equal sharing of paid leave between the parents. It means that in Hungary there has been no change concerning the treatment of gender equality in childcare provision, while Germany has shifted towards individualization in this regard.

To conclude this section, both countries extended the rights to work for parents with young children. In Hungary, in case of employment-related policies for mothers that promote their labor market participation, we can see a shift towards individualization[7]. Although Germany also supports working parents with generous benefits, it rather encourages part-time employment, which is a familization measure.

5.1.2 Degree of public compensation of care

To analyze legislation based on the dimension of public childcare, I looked into how early childcare services are organized outside the family, shifting childcare from the "private" to the "public". Increasing the availability of ECEC services, especially public ones, therefore creating alternatives buttressing the activation of parents to work instead of full-time care means a shift towards individualization. What I was interested in are reforms regarding public childcare for children under three as the enrollment rate in formal care and pre-school for children between three and six is already quite high in both countries: 86.7% in

[6] The possibilities of Elterngeld Plus and Partnerschaftbonus will be available for parents who give birth after 1 July 2015.
[7] The Hungarian government announced that from January 2016 they will further expand the flexibility to work for mothers who are on GYED leave. According to the modification, which will be adopted later in 2015, parents who are on GYED leave can go back to work after the child is 6 month old while receiving the full benefit. This measure means even a bigger shift towards individualization and path-departing change in case of Hungary. Source: http://www.kormany.hu/hu/emberi-eroforrasok-miniszteriuma/csalad-es-ifjusagugyert-felelos-allamtitkarsag/hirek/januartol-bovul-a-gyed-extra [Accessed: 30 May 2015]

Hungary and 93.9% in Germany. Moreover, what these states improved is the coverage of public childcare for under-threes to provide freedom of choice between caring and working. In both cases this measure was necessary, as previously discussed in the case selection section, because of the low enrollment rates of children under three in formal childcare (about 23 percent in Germany, and 11 percent in Hungary in 2010).

Both Germany and Hungary increased public responsibility for public childcare services for children aged one-to-three. In Germany there has been a major public childcare reform ("Kinderbetreuungsfinanzierung") since 2008. The goal of this program was to create more places in early childcare for the under-threes to avoid a gap between a well-paid entitlement in the first 12 or 12+2 months of the child's life and ECEC services later on. According to a federal act from 2013 (Bundesgesetzblatt I S. 250), the government provides additional funding to establish 30,000 more public childcare places over the coming years. However, the length of public childcare is not regulated centrally and it varies. In many cases Laender provide only part-time services, which affect the activation potential of these ECEC services.

In Hungary every child is entitled to full-time preschool education (i.e. after age three) and until 2012 it was up to the local authorities to provide these services. We know from secondary data that the low number of children enrolled in "bölcsőde" (nurseries) in the past years is mostly because of the "weak development" of these services (Szelewa 2012). Therefore, the government's goal is to improve the availability of ECEC services for the one-to-three age group. In order to do that, there was one reform in 2010 (Act on the improvement of nurseries) that assigns a lump sum of 400 million HUF (approximately 1.3 million Euros) for the improvement of nurseries and another one in 2012, which centralized the regulation of these services (Act on the takeover of municipalitymaintained educational institutions by the state). The takeover of nurseries was in line with the centralization plans that targeted all social services local authorities had been providing since the early 1990's. Until 2012 the regulation of nurseries belonged to the "social affairs" offices of local governments. The new legislation, on the other hand, aims to turn nurseries into educational institutions. This would be a step towards individualization as one dimension of the social investment approach is to invest in human capital by improving the education of children, more precisely, by providing early childhood services that focus not only on care, but education as well. However, the implementation of the act and the re-structuring of certain educational institutions are still under way in Hungary.

What is controversial in the German case is the introduction of the "Betreuungsgeld" (home-care benefit) since 1 August 2013, a cash benefit aimed at supporting maternal care during the early years. It is a cash benefit amounting to a meagre 150 EUR/month (up from 100 EUR in 2014) if the child is not enrolled in public daycare. The benefit applies to children aged 15 months to 36 months, received therefore for 22 months at most, as an alternative to the "Elterngeld". This benefit is contradictory to the other measures towards individualization since it encourages mothers to stay at home and continue caring for children after the one-year leave is up until they are old enough to go to kindergarten. It is noteworthy, however, that the value of the benefit is very low: its de-activating potential, therefore, is very weak, meaning that very few or no parent will decide to opt to exit or stay away from the labor market due to these 150 EUR/month.

All in all, Germany's shift towards individualization can be seen in developing public ECEC services, thus taking away much of the responsibility of early years care from families if parents opt to relinquish care responsibilities during this period. Changes in leave policies, however, promote familization by providing parents with better financial conditions for home care, especially during the first year of the baby's life. There are efforts in Hungary to develop the current public early childhood services and thus, expand childcare services outside the home, but in practice these reforms are slowly implemented. This means that the shift towards individualization within the dimension of public compensation for care is marred as when it comes to fulfilling these goals, the efforts are limited in practice.

5.1.3 Treatment of gender inequality

The treatment of gender equality can be read from the fact whether fathers are entitled to paid leave on similar grounds as women. They way to more actively promote gender equality is to provide "daddy" months or bonus months that encourage the equal sharing of paid leave between parents. The aim of these bonus months is to involve fathers in the early years care of their children, and to distribute family-related care more equally between women and men. Paternity leave is (often) a short period that aims to enable fathers to spend time with their family shortly after birth.

According to the Hungarian Labor Code, an employed father is entitled to 5 working days (in case of twins 7 days) of paid leave during the two months following childbirth, financially compensated in full. According to the act on the regulation of paternity leave, the costs of the leave are borne by the state and not by employers. This should enhance its popularity and take-up. While there is no distinct leave entitlement for fathers in the German legislation, in the German case income-related parental leave is an entitlement which can be taken by either parent for 12 months with the possibility for an extra 2 months if both parents take minimum 2 months of leave ("Partnermonate"). This way the 12-month leave can be extended to 14 months. Moreover, through the possibility of combining the 14 months with "Elterngeld Plus" and the 4 months "Partnerschaftbonus", working fathers are encouraged to take a more active part in childcare. It means that in Germany there is an inferred goal to promote gender equality, evident in policy design. Because it provides an additional incentive for fathers to take the leave, this is a more aggressive tool. On the other hand, in Hungary paid leave can be taken by the fathers also, but there is no such thing as a bonus month for the other parent so there are no extra paid months when both parents take a certain amount of leave.

Despite these changes, the treatment of gender equality has not changed in Hungary and has not improved significantly in Germany either. In terms of gender equality, Hungary continues to promote familization as there are no incentives for fathers to take paid parental leave such as the bonus months in case of Germany where the endorsement of insured fathers' childcare is a sign of shift towards individualization. Charts 1 and 2 visually represent the shifts towards individualization in Germany and Hungary, respectively.

Chart 1: *Visual demonstration of Germany's childcare policy change*

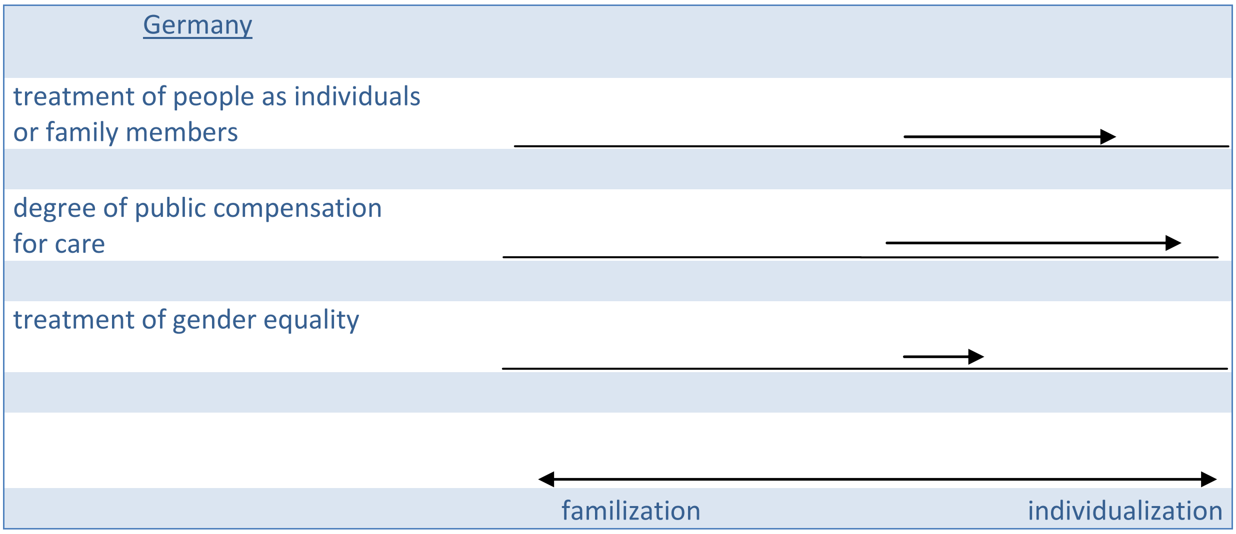
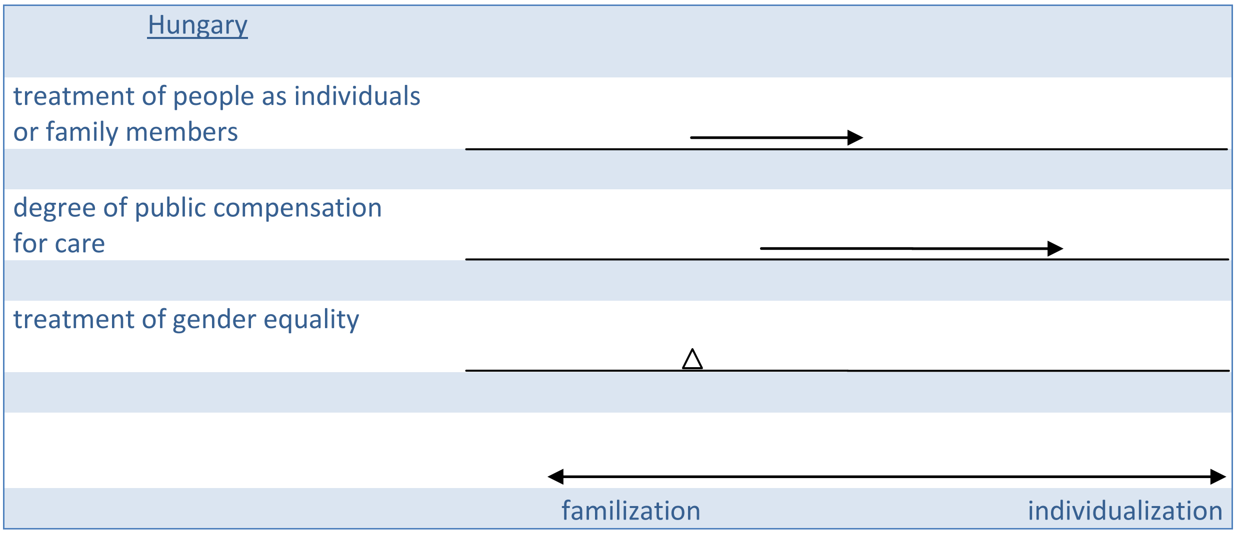


Chart 2: *Visual demonstration of Hungary's childcare policy change*



Based on the analysis of the three categories – (1) the treatment of people as individuals or as gendered family members, (2) public compensation for care and (3) gender equality –, both countries have shifted towards individualization in their policy objectives of childcare compared to their previous work-family models in their historical legacies. According to the individualization framework for analyzing childcare policies, Germany has moved into this direction to a greater extent than Hungary, especially concerning the policy goal of providing public childcare for parents with young children and the objective to treat people as individuals rather than family members.

5.2 Analysis of EU documents

5.2.1 Analysis of the EU's influence on national social policy

This section presents the analysis of European Union documents and contrasts the policy objectives of the social investment approach promoted by the EU with policy objectives in German and Hungarian childcare policy legislation to see whether the EU might have had an influence on German and Hungarian national social policy. I look at similarities and differences to see the EU's influence at three levels: in terms of (1) the EU's objectives pertaining to childcare compared to policy objectives in Germany and Hungary, (2) underlying justification in EU documents, and (3) policy instrument design in Germany's and Hungary's legislation.

I look for three types of policy objectives that represent the social investment paradigm concerning childcare provision: (1) the promotion of female employment, (2) measures to reconcile work and family life, and (3) support for ECEC services for under-threes. All of these objectives are commonly shared and consistently linked in all of the EU documents (see Table 2 above), but with different emphases, except the directive on parental leave, since it concerns only parents' employment issues , namely targets the first two objectives only.

The "Europe 2020 Strategy" and the "Social Investment Package" both highlight the need for the modernization of social policies in light of the objectives of increasing female employment and reconciling work and family life in order to achieve economic growth, although the "Europe 2020 Strategy" does not focus on early education as much as the other documents. In the documents regarding the improvement of ECEC services ("Opinion of the European Economic and Social Committee on 'Early childhood care and education" and "Childcare: Commission calls on Member States to do more"), the objective of improving ECEC services is stressed, however, the documents mention the other objectives – work-family reconciliation and female labor market participation – as the goal of promoting high-quality ECEC services is also the key means to achieving these two objectives in the medium-run. The directive on parental leave 2010/18 focuses on the conditions of how to reconcile employment with childcare responsibilities. The EU objectives pertaining to childcare driven by the social investment approach are broader and more general, yet clearly stated in the EU documents when compared to the policy objectives reflected in German and Hungarian national legislation.

First of all, what I take from the EU documents is the strategy formulated by the EU that intends to affect national policy-making in the areas of social policy. The “Europe 2020 Strategy” states that the Commission proposes that the EU goals of the Strategy – namely smart, sustainable, and inclusive growth in order to preserve European welfare states as a reaction to the economic crisis and underlying demographic issues – should be implemented into national programs. As after the 2010 release of the “Europe 2020 Strategy”, in the upcoming years the European Commission was still concerned that by 2020 member states should fulfill the targets laid down in the Strategy, therefore, in 2013 the Social Investment Package was created. It urges member states to modernize their social policies with the special focus on labor market policies to overcome the negative effects of the crisis through the stricter mechanism of the so-called “European Semester”.

To achieve these goals, the EU requires member states to report on their year-by-year improvements in the targeted policy fields (especially education and childcare policies) through streamlined national reform programs. Based on annual progress reports, the Commission addresses “country-specific recommendations” to each member state (Armstrong 2012; Zeitlin and Vanhercke 2014). This way member states’ implementation is monitored and annually reviewed, suggesting a much closer EU involvement in social policy-making than ever envisaged by the Lisbon Strategy and the OMC. The goal of this process is not only to monitor member states and encourage policy exchange, but also to issue policy warnings should the rate of adaptation, or lack thereof, of the member states be inadequate (Europe 2020 Strategy). Thus, the Commission is seeking to take the timely steps required to steer action in line with the EU objectives. The way the EU objectives are translated into national objectives is up to the member states. The reason why we could expect the EU-promoted social investment approach to be reflected in member states' policies is also because in the framework of the European Semester and through this strict mechanism, the EU keeps monitoring the member states' social systems with primary focus on their effort for "social investment" and the effectiveness of their social expenditure.

5.2.2 The promotion of female employment

As already noted, the Barcelona Targets stipulate at least a 60% female employment rate in order to have sustainable welfare states and in order to achieve the overall 75% employment rate goal[8] stipulated in the Europe 2020 Strategy. The EU's primary solution is activating mothers in order to achieve a higher aggregate employment rate in the member states. In the section on "Inclusive Growth – a high-employment economy delivering economic, social and territorial cohesion" of the Europe 2020 Strategy, the EU encourages action from member states to increase employment, education and training in an attempt to reduce unemployment partly by placing special emphasis on providing access to childcare facilities for parents. The Social Investment Package addresses the gender dimension of labor market participation as women are more likely to be out of the labor market and live in poverty than men (Javornik 2014). Within the EU, women's aggregate participation rate in the labor market is 16.4% below that of men partly because of care tasks and household responsibilities, cross-national variations notwithstanding.

Both Hungary and Germany took legal steps to support mothers' employment, including – as we have seen – through the expansion of public ECEC services. However, in terms of justification, there is no narrative similar (or, indeed, dissimilar) to that in the EU

[8] The female employment rate at the EU level stood at 62.6% in 2013 based on Eurostat data

documents, certainly not in national legislation. In Hungary the reform package of 2013, which provides the possibility to receive full GYED payments while undertaking full-time employment after the child's first birthday, is a major shift in Hungarian parental leave policies with the clear objective of activating recent mothers with employment histories. In the latest country report on Hungary (Council Recommendation on Hungary's 2014 national programme) the EU recognizes the improvement of increased flexibility in the paid parental leave system encouraging women's labor market participation. However, it adds that "further efforts are needed as employment levels among women remain below the targeted 60%" of the EU in Hungary."

In Germany, however, the activation of women, especially mothers of young children, is less aggressive: with "Elterngeld Plus" only part-time work is possible while receiving half the amount of the parental allowance when children are under three. This provision encourages mothers to end their full-time leave and re-enter the labor market after one year, working up to 25-30 hours a week. As previously discussed in section 5.1.2, a cash-for-care benefit ("Betreuungsgeld") was also introduced in 2013, however, since its value is very low, its de-activating potential is weak. Nevertheless, women's activation through childcare policies in both countries targets mothers with employment histories, and job opportunities are provided for those who already were active on the labor market before childbirth.

The EU objective regarding the promotion of female employment is addressed in all the EU documents. Although the EU does not influence the policy instruments member states use to increase female employment, the fact the EU constantly emphasizes the importance of increasing women's employment, has presumably shaped policy developments in Germany and Hungary.

5.2.3 Reconciliation measures

Regarding childcare policies, the EU's most recent directive on parental leave (Council Directive 2010/18/EU of 8 March 2010), which is a binding document for member states, is analyzed to see if Germany and Hungary might have incorporated its provisions into their national legislations. The purpose of this directive on paid parental leave is to determine the minimum requirements for reconciling family life and working parents' employment. To be more precise, the aims are to improve gender equality between men and women by laying down the minimum requirements on parental leave, including provisions for sharing the leave period between mothers and fathers.

What matters for my analysis is "Clause 2" of directive 2010/18/EU, since this deals with the rights of individuals to parental leave. In order to encourage the equal take-up of leave by both parents as an expression of commitment to promoting mothers' and fathers' equal opportunities to both work as well as care, this clause states that "at least one of the four months (of the minimum paid parental leave) shall be provided on a non-transferable basis" (2010: 18). This means that of the total period of paid parental leave, at least one month has to be reserved for the 'other' parent, namely the parent not on leave. As in most European countries mothers tend to be the overwhelming majority of claimants of paid leave, this provision is a way to facilitate fathers' involvement in childcare: if only one parent takes leave, the non-transferable month of leave is lost. The conditions of access to leave are defined by national law in the member states and they should or should have changed legislation to comply with this EU directive. However, concerning the non-transferable one month of parental leave, Hungary has not implemented this directive yet.

In the case of Germany, the two month "Partnerschaftsbonus" instrument, described in section 4.1.3, has the same objective as the one in the directive. It seems very likely that it was the directive which directly influenced Germany's policy instrument as Germany harmonized the EU directive with its national law in 2013.

Furthermore, "Clause 6" of directive 2010/18/EU sets the conditional requirements for parents who return to work. The clause maintains that a certain amount of flexibility should be granted to parents returning to work when stating that parents "when returning from parental leave, may request changes to their working hours" (2010: 19). However, the section goes on to say that the modalities should be in accordance with national law or practice, and the latter is a very broad concept, which cannot be legally controlled. The possibility to combine work and pay is a good example of this flexibility requirement. This way the activation component, meaning that parents may work up to 30 hours a week in Germany and unlimited hours in Hungary while keeping the full amount of the paid leave cash, is a solution to this EU provision and suggests that both countries have incorporated "Clause 6" of the directive.

5.2.4 Early childhood education and care services

One focus of the social investment approach is that states invest in children through ECEC services. Therefore, childcare services are meant to provide not only care, but also education during the early years. Although the Europe 2020 Strategy focuses on macroeconomic stability, within the initiative "youth on the move" (2010: 13), the Commission asks member states to "ensure efficient investment in education and training systems at all levels (pre-school to tertiary)". This suggests that educational investments in toddlers are regarded *as strategic investments* in the same way as investments in secondary and tertiary education.

The focus on "individualization" in terms of formulation, which is an element of the social investment approach in Daly's (2011) articulation, appears in the Social Investment Package: its Section 2.3 deals with ECEC and emphasizes children's *right* to education. The title "social investment throughout the individual's life" refers to people as individuals and encourages a "rights based policy" approach. The "child rights approach" is also highlighted in The Opinion of the European Economic and Social Committee on "Early childhood care and education." Thus we see it consistently emphasized in EU documents. As already discussed in section 4.1.1, this approach was adopted in the German legislation in the "KiföG" Act, German children now being bearers of the right to early education and care. This suggests that the EU's reasoning for the rights-based approach has been incorporated into the German reform and the EU influenced policy design in Germany. On the other hand, in Hungary it is the parents' obligation to ensure their children's pre-school attendance; children's right to ECEC services is not currently present in Hungarian legislation neither for children under three nor over it.

EU member states were supposed to meet the Barcelona Targets by 2010 and since most of the states have not fulfilled them, The Opinion of the European Economic and Social Committee on "Early childhood care and education" was published in 2010 to stress the ongoing relevance of its goals. As already outlined, one of the Barcelona Targets is that the number of children under three enrolled in ECEC institution should reach minimum 33%, and 90% in case of children aged three to six. The Opinion deals with the importance of high-quality childcare services as a means to increase female labor market participation as the development of childcare services can give parents the possibility to reconcile employment and private life through the delegation of care responsibilities to professionals in institutional settings. The document states that member states should "provide opportunities for individuals and families to make personal choices (…) for the form and duration of their children's care" (2010: 1), supporting, therefore, not parents' *obligation* to rely on ECEC services, but instead parents' choice of and demand for particular types of childcare. The policy document emphasizes the importance of implementing policies that help parents with the care and education needs of young children and repeatedly calls attention to the importance of the Barcelona Targets.

In the report "Childcare: Commission calls on Member States to do more" (2013), the Barcelona Targets are highlighted again and the report argues that work-life balance policies, especially childcare services, are necessary for increasing women's employment, thereby crucial for improving European nations' macroeconomic prospects. The document stresses that under the third European Semester in 2013 recommendations have been addressed to 11 member states who failed to meet the targets, including Germany and Hungary. In the 2014 country report on Hungary, the EU noted the fact that there had been an extension of childcare capacities, but it did not examine whether Hungary's policy prospects work in practice. It is more likely that they do not, since the details of ECEC service development are still unclear. In case of Germany, in the report "Council Recommendation on Germany's 2014 national reform programme" regarding childcare facilities, the EU acknowledges the substantive daycare expansion for young children, however, it still has concerns regarding the quality of the services because full-time care places are still limited and there are regional disparities.

To conclude, broader goals concerning childcare policy such as promoting mother's labor market participation, providing accessible public childcare facilities to buttress early education and development, and helping parents reconcile their work and family lives are continuously emphasized in the EU documents. However, EU targets and the analyzed non-binding documents set universal aims –and therefore have a weak effect on policy instruments because member states have differences in national policies, parental leave systems and forms and quality of childcare. While Germany seems to be on track in terms of implementing policy instruments to comply with EU recommendations and policy requirements in the spirit EU institutions intend, Hungary seems more lackluster, certainly as regards institutional development in ECEC service provision for children under three years of age.

However, because the EU objectives are broad and it is up to the member states how or whether they comply with EU goals, the EU's effect on Germany's and Hungary's childcare policy reforms are selective and often marginal. To address my research question, whether it is the EU that drives policy change in Germany and Hungary, presumably in terms of policy objectives, the EU has contributed to the promotion of female employment in both countries and therefore, influenced the adoption of reforms concerning mothers' activation. However, Germany's and Hungary's narratives are different from the EU's policy goals and when it comes to policy instruments, it appears that only on Germany's policy reforms has the EU made an impact.

5.3 The effect of the economic crisis 2009/2010 on childcare policy in Germany and Hungary

In this section, I carry out an analysis to see whether the financial crisis of 2009/2010 might serve as an additional explanation for recent childcare policy changes or whether it does not matter at all for the contemporary childcare policy developments in Germany and Hungary. What we know from previous studies is that the crisis *did* affect social policy-making in European countries and might explain the timing of current social policy reforms in European welfare states. In terms of the direction of the change, Hermann

(2014) argues that the responses to the current crisis in European Union member states have followed aneo-liberal logic and likely converge in terms of social policy change regardless of institutional continuities. As already discussed in Chapter 2, there is no agreement on how the crisis might have impacted childcare policy adaptations.

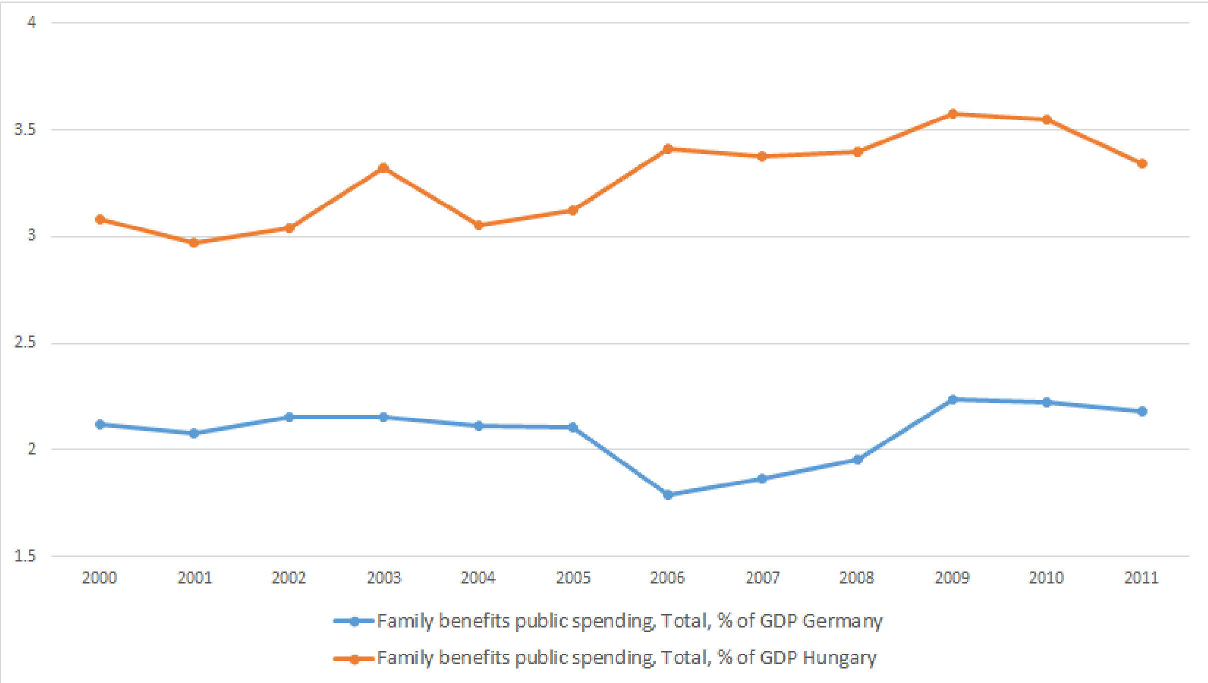
5.3.1 Spending on childcare policies

First, I looked at the countries' expenditures on family policies in order to see how the crisis influenced childcare policy reforms. Increased social spending during the crisis is considered to be a possible solution for mitigating the negative effects of the crisis, such as increased unemployment, poverty, and economic uncertainty. Investments in "future benefits" are derived from the social investment approach, on the other hand. If the countries spend more on social policies pertaining to childcare despite the economic recession, they follow the logic of "productive" social policies, i.e. investments for future benefits.

I examined how family spending changed in Germany and Hungary during and after the crisis. I looked at data from the OECD Social Expenditure Database[9] on public spending for family benefits, which includes spending on cash benefits, in-kind benefits, ECEC services, and tax measures in per cent of GDP. The spending is aggregated for the above mentioned social programs for both Germany and Hungary. Table 6 presents Germany's and Hungary's public spending on family benefits up to 2011.

[9] Source: https://data.oecd.org/socialexp/family-benefits-public-spending.htm [Accessed: 28 February 2015]

Table 6: *Expenditure on family benefits in Germany and Hungary 2000-2011*



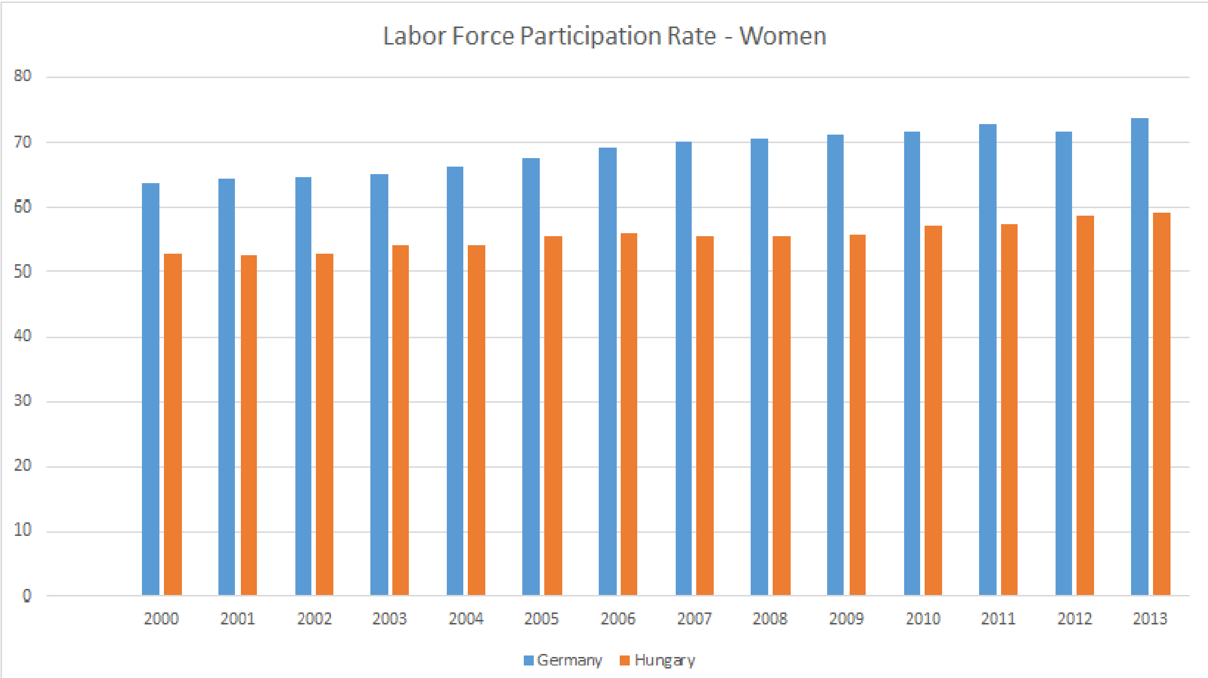
We can see that both countries reacted similarly and increased their spending on family benefits in 2008 leading up to the financial crisis. In Hungary from 3.4 to 3.6 per cent and in Germany from 1.95 to 2.25 per cent of GDP. Then there was a slight decrease in both countries after 2009. This suggests that the financial crisis has seemingly derailed further increases in public spending on family benefits in both Hungary and Germany based on data until 2011. The limitation of this analysis is that policy reforms are connected with other factors related to the recession such as to mitigate the effects of the crisis on household income. Moreover, these are aggregated data that do not fully show the various nuances associated with spending on parental leave and ECEC services. I disaggregate these nuances by analyzing national legislation concerning particular elements of childcare policies.

I found out that both Germany and Hungary increased their public spending on the improvement of ECEC services since the crisis as part of their childcare policy reforms despite of the aggregate data showing that spending on family benefits decreased after 2009. As already mentioned in section 5.1.2 above, according to the German federal act, “Bundesgesetzblatt”, the German government provided additional funding, 580.5 million EUR (for the period 2012-2014) for the financing of 30,000 extra public ECEC places. In Hungary there was one reform in 2010 (Act on the improvement of nurseries) that assigned a lump sum of 400 million HUF (1.3 million EUR) for the “infrastructural” development of nurseries. This suggests that ECEC services are considered to be long-term investments, which is in line with the social investment paradigm and both the German and Hungarian government seemed to invest in this type of intervention in the aftermath of the 2008 crisis. However, the crisis presumably did not buttress the investment in childcare provision for children under the age of three because German policy reforms concerning ECEC improvement follow a trend of massive legislation already planned before the recession, but implemented afterwards. Furthermore, in Hungary the development of ECEC services was in line with the decentralization reform. This means the role of the crisis seemingly cannot be accounted for the German and Hungarian ECEC reforms and it does not explain the timing of these changes either.

5.3.2 German and Hungarian employment-oriented childcare policy changes

I was also interested to see whether or not the leave provisions put in place were policy responses to alleviate the effects of the crisis. I expect that the crisis could potentially have buttressed reforms in employment-oriented childcare policies, particularly as regards the design of the paid leave provisions. The reason for that is because leave policies support income for those parents who take time off from employment in order to take care of children. Therefore, shorter leave entitlements means activating potential as they support recent parents’ return to work with the goal to improve the overall labor market participation. We can see from data extracted from OECD statistics in Table 7 that between 2008 and 2013 the female labor market participation gradually increased, but marginally, or stagnated in both countries.

Table 7: *Female Labor Market Participation in Germany and Hungary*[10]



In Hungary there were major changes in the flexibility of the use of parental leave to facilitate female employment, however, With the aforementioned reform of GYED and GYES (see Chapter 3) in 2013, parents are now able to work full-time after the child's first birthday and still receive the full cash benefit associated with the paid leave. This is an activation measure as it supports employment decisions by enabling parents to undertake paid work even during their children's first three years of life. In Germany the introduction of "Elterngeld Plus" has the same activation effect: it enables mothers to work part-time up to a maximum of 30 hours a week after one year of leave and receive half of the amount of Elterngeld for twelve more months. All in all, both countries extended the rights to work

[10] Source: http://stats.oecd.org/Index.aspx?DataSetCode=SOCX_AGG [Accessed: 28 February 2015]

for parents (basically mothers) with young children to try to keep them active on the labor market. The crisis has presumably had a role in implementing these employment-oriented childcare policies to tackle increasing overall unemployment levels (in Hungary particular) and, thus, maintain economic growth and competitiveness.

On the basis of this situation, the new childcare policy measures cannot be considered as a direct response to the crisis. Rather, they were piecemeal extensions of policies already in place as opposed to the creation of a safety net for the most vulnerable people in society hit hardest by the crisis, namely parents with little to no income. To conclude, the relation between the childcare reforms and crisis are not straightforward. These findings suggest that the economic crisis was not a catalyst for the recent childcare policy reforms I analyzed, except the employment-related parental leave policies that aim to encourage women's labor market participation after the first birthday of their child, as opposed to the "historical" strong commitment to long maternity leaves in these countries.

6. CONCLUSION

The goal of the final chapter of this dissertation is to bring together the answers to the research questions, to discuss the implications of the main findings and to summarize briefly the main contributions of the thesis. In addition, the chapter outlines the limitations of the study and suggests future research.

6.1 Addressing the research questions

The aim of this thesis was to answer two questions: (1) is there a shift towards individualization in German and Hungarian childcare policies between 2008 and 2014, and if yes, to what extent; and (2) why did these countries shift towards individualization in their childcare policies. This thesis sought to answer these questions by using qualitative content analysis and analyzing childcare policy legislation in Germany, Hungary and European Union documents (concerning childcare policy between 2008 and 2014).

This piece discusses parental leave and ECEC elements of childcare policies in the selected cases. The aim of the thesis is to examine the direction of childcare policy change in these countries and to see why there has been path-shifting change in childcare policy in Germany (Morgan 2008; Lewis et al. 2009; Mätzke and Ostner 2010; Rüling 2010) and "path-breaking" change from familization and historical legacies in Hungary instead of continued path dependence.

Although the coordination of member states' social policy was not in the focus of the European Union, in the past ten to fifteen years the Europeanization of social policy has been promoted (Martinsen 2005; Kvist and Saari 2007; Lendvai 2008; Nousiainen 2011; Kvist 2013) therefore, it is relevant to analyze the role of the European Union as an influential, external factor on national childcare policy making. Moreover, it is important to try to look at the effects of the economic crisis as a possible explanation for the timing of these reforms since there is some consensus that the recession has had an impact on social policy in a number of areas e.g. labor market policies (Chung and Thewissen 2011; Kvist 2013).

6.2 Main findings

Based on the content analysis of the selected German and Hungarian policy documents, I claim that both countries have shifted towards individualization as conceptualized by Daly (2011). I argue that both Hungary and Germany are shifting towards individualism from familization, however, not to the same extent.

Regarding the dimension "the treatment of people as individuals or family members", both countries extended the right to work for parents with young children, treating them as adult workers instead of (gendered) family members with care responsibilities. In Hungary since 2013, mothers can work unlimited hours while receiving the full benefit associated with an income related paid parental leave (GYED) after their child's first birthday and this shift towards individualization is the most significant contrast to the country's historical commitment to long maternity leave (and more significant than in Germany, where part-time work up to maximum 30 hours/week is encouraged). This step provides freedom of choice both in parental and employment decisions. Moreover, the eligibility of GYED was extended to mothers who are on leave while having a newborn baby and to mothers enrolled in higher education. However, in Hungary part-time work cannot be considered as a possibility for lone parents, for example, to reconcile work and family life because the low wages cannot grant them economic independence (Szikra and Győry 2014).

Germany's work-family model looks more individualistic in terms of the dimension "problematization of gender equality" and "public compensation of care" than of Hungary's. In Germany working parents receive maximum four extra months in case of the equal sharing of paid leave between the parents, supporting in a more explicit way both parents' more equal division of unpaid care than in Hungary. Both Germany and Hungary have increased public responsibility for public childcare services for children aged between one and three since 2008. However, despite the legal provision, in Hungary the restructuring of certain educational institutions is still underway and, therefore, this measure has little impact on actual implementation (Szikra and Győry 2014), while in Germany there is already evidence that the expansion of public ECEC services provision is in process.

All in all, in both countries there is a trend that tries to reinforce childcare outside the home: in Hungary by encouraging mothers to re-enter the labor market after one year of leave and in Germany by providing flexibility to parents to combine part-time work and care. It is noteworthy that this shift from "private" childcare to public care reveals that German and Hungarian childcare policies are converging on the social investment approach, albeit at different paces.

The other question this thesis addressed is why these two countries shifted towards individualization. Discussing the EU's possible effects on recent childcare policies in Germany and Hungary, the analysis shows that EU objectives pertaining to childcare have weak effect on policy instruments in the member states as the EU targets universal aims and sets broad goals. Germany seems to be on track in terms of implementing policy instruments to comply with recommendations and policy requirements in a consistent fashion, while Hungary's policies are less streamlined when compared to EU policy objectives and recommended policy instruments. One example is the EU's support for the rights-based approach to access to ECEC services access, which has been incorporated into the German reform, but not in the Hungarian provisions. Moreover, Hungary does not seem to comply with EU goals concerning childcare, meaning that the drivers of the current reforms seem to be, instead, domestic factors. What I take from this dimension of the analysis is that the EU has a minor, but substantive impact on domestic social policy-making – due to the strongly emphasized targets and country specific recommendations – and we should take the EU's role into account as an external driver for childcare policy reforms when examining the politics of childcare policy making in European Union member states.

Lastly, the analysis suggests that the financial crisis of 2008-2010 has not served as a direct catalyst for the reforms except for the parental leave policies that aim to increase labor market participation. Rather, in Germany childcare policy reforms were piecemeal extensions of policies already in place or already planned prior to the recession. In Hungary, in contrast, the crisis might be an explanation, "a window of opportunity" (Szikra 2014) for massive legislation in other fields as well, not only in family policy.

The present work extends our knowledge about the social policy paradigm shift in European welfare states and shows that particular member states of the European Union are not shifting in the same ways or to the same extent towards social investment. This thesis provides insight into recent German childcare policy changes and contributes to the literature on Hungary's path-shifting childcare policy change because previous research on Hungary has been limited. There is little data on the interpretation of contemporary childcare policy reforms since 2008 in European welfare states and that is why this study is suited to contribute to the literature by looking at the time period between 2008 and 2014.

This study aims to provide additional knowledge in the field of European childcare policy trends and particulate arguments about the drivers of contemporary childcare policy change. However, it is limited to the selected countries, Germany and Hungary. Further research could explore more case studies among European welfare states to find out more about European childcare policy trends and test hypotheses about what could be driving family policy change. Moreover, cross-national analysis could be set out to define the direction of the changes based on a conceptual framework – such as Daly's individualization framework – that intends to capture the social policy changes within the social investment paradigm in different countries.

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