Business as usual? Employees' organisations' strategies in welfare legislation in Austria

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Summary

The influence and power of the Austrian employees' organisations within the legislative process is declining. Since the change of government in 2000, this trend has accelerated. The goals and demands of the employees' organisations are increasingly disregarded, as is exemplified by the recently enacted law on the childcare allowance which has had a powerful impact on the Austrian labour market. First indications show that, in spite of the employees' organisations' efforts to regain ground, they have been unable to curb this trend.

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Sommaire

L'influence et le pouvoir des organisations de travailleurs autrichiennes au sein du processus législatif sont en déclin et cette tendance s'accélère depuis le changement de gouvernement, intervenu en 2000. Les objectifs et les revendications des organisations des travailleurs sont de plus en plus négligés, comme le démontre l'adoption récente de la loi sur l'allocation de garde des enfants, dont l'impact, sur le marché du travail autrichien, a été considérable. Il apparaît qu'en dépit de leurs efforts pour regagner du terrain, les organisations de travailleurs sont pour l'heure incapables d'inverser la tendance.

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Zusammenfassung

Die österreichischen Arbeitnehmerorganisationen verlieren im Gesetzgebungsprozess zunehmend an Einfluss und Macht – ein Trend, der sich seit dem Regierungswechsel im Jahr 2000 beschleunigt hat. Am Beispiel des kürzlich verabschiedeten Gesetzes über Kinderbetreuungsgeld, das erhebliche Auswirkungen auf den österreichischen Arbeitsmarkt hatte, wird deutlich, dass die Ziele und Forderungen der Arbeitnehmerorganisationen zunehmend missachtet werden. Erste Hinweise deuten darauf hin, dass es den Arbeitnehmerorganisationen trotz ihrer Bemühungen, wieder Boden zu gewinnen, nicht gelungen ist, diesen Trend aufzuhalten.

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Introduction

Power resources for corporatism are first, membership, and, secondly, participation in public policy-making by interest organisations (Traxler *et al.* 2001). There is interdependency between the two parties in legislation, as the state needs the social partners' support in income policies while the social partners can only maintain their traditional power by participating in the legislative process. In Austria, the coherence of this interdependency has loosened, as this article shows through an example in the field of social policies. But the declining participation of employees' organisations in social policy legislation in Austria is also caused by their outdated focus on the traditional labour force, as we will see.

Since a new government commenced its term in Austria in 2001, the involvement of the social partners in policy-making has declined even more rapidly. Instead of searching for a consensus with the social partners, the ruling parties are taking advantage of their majority in parliament (Karlhofer 2000 and 2001; Tálos 2001, 2005). Family policies are less affected by the new government's mode of legislation than are other social policies, linked more obviously to the labour market (e.g. retirement pensions, unemployment benefits and active labour market policies (Rosenberger and Schmid 2003; Tálos 2005)). The governing parties' emphasis on family issues and the new salient function of these issues in the Austrian policy landscape are the reasons why family policies are the object of investigation here.

In 2002, a new childcare allowance law, the so-called 'Kinderbetreuungsgeldgesetz' (Childcare Allowance Act), became effective in Austria. Legislation is a process determined by vested interests and parliamentary parties. In a corporatist system, such as that of Austria, legislation is officially influenced by the employees' and employers' interest associations. As the Austrian system of social partnership reserves consultation rights for interest organisations with regard to economic and social policies in the legislative process, their points of view have traditionally carried a lot of weight[1]. This tradition is starting to crumble.

The research results discussed in this paper are mainly based on a qualitative approach. Expert interviews based on the paradigm of problem-centred interviewing (Witzel 2000) were conducted with various policy-makers (e.g. representatives of employees' organisations) as well as scientists. In order to provide a more complete overview, the outcome of the interview analysis, which follows the approach applied by Meuser and Nagel (2002), is supplemented by data obtained from the public debate on the Childcare Allowance Act (e.g. from official transcriptions of the national assembly, policy-makers' statements, newspapers). Thus the research focuses closely on the actual practice of

1 The Economic Chambers have had a consultation right since 1848 and the Chambers of Labour since 1920 (Traxler 2001). The rights were forcibly discontinued during the years of Austro-fascism and National Socialism between 1934 and 1945 (Karlhofer 1997).

professionals dealing with the Childcare Allowance Act such as politicians, social workers and representatives from the employee organisations.

Transformation of the social partnership

In view of new economic, social and demographic challenges, unions all over Europe face the need to change their identity and strategies (Hyman 1994; Karlhofer 2001). Many unions are losing members because of increasing unemployment and a growing number of marginal workers (Traxler *et al.* 2001; Visser 1994). With the exception of the Nordic countries, average union membership in the OECD countries has been in constant decline since the 1970s, from 43.33% in 1970 to 39.06% in 1995 (Traxler *et al.* 2001: 83). Austrian unions are no exception, save for the extent of membership decline; membership fell from 60.3% in the 1970s to 49% in 1997 (Traxler 2000). And the decline is ongoing (46% in 2004).

Austrian unions hold the highest level of formal centralisation of peak union organisations in Europe (Traxler *et al.* 2001; Traxler 2000). Their umbrella organisation, the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund, OeGB), has the official right to participate in legislation. The authority of vested interest organisations is based on formal procedures, such as the provision of expertise on new acts under construction, as well as informal practice, such as meetings at the round table of all social partners for concerted action, or multiple office-holding in employees' or employers' organisations and the parliament.

However, Austria's labour relations regime has to be classified as 'lean corporatism' (Traxler *et al.* 2001). Membership of the chambers (see below) is obligatory, while unions and the Federation of Austrian Industry (Industriellenvereinigung, IV) are constituted by voluntary membership. The Austrian Federal Chamber of Labour (Bundesarbeiterkammer, BAK) transferred its legally provided right of collective bargaining to the unions and nowadays concentrates on service provision, qualification measures for members, and its think tank role. High associational participation, both voluntary and compulsory membership in the labour organisations, as well as decentralised bargaining levels characterise the Austrian labour regime. According to the typology elaborated by Traxler *et al.* (1991), the absence of government deregulation in collective institutions has been linked to 'lean corporatism', and therefore to the Austrian case. Since 2001, there has been a change in this government regulation, not in terms of bargaining but in terms of involvement in legislation – foremost social policies. The shift in legislative practice from the traditional Austrian 'negotiating democracy' to the parliamentary majority as decision-maker from 2001 onwards highlights the need to re-categorise the Austrian welfare system in the European scientific scene. A qualitative deregulation can be noted, as will be shown by the example of the Childcare Allowance Act.

Traditionally, unions have had a close relationship with the left-wing parliamentary parties who are more likely to cater for employees' interests, whereas the employers' interests are usually represented by right-wing parties. The strong interconnections between

the chambers and parties in Austria are characterised by organisational as well as personnel-related aspects (Karlhofer 1997, 1999, 2001), such as multiple office-holding. The strength of these interconnections is untypical in Europe (Karlhofer 1999). The alliance between the OeGB and Social Democratic Party (SPOe) is one of the strongest in Austrian parliamentarianism (Traxler 2001), which is evident in the large number of SPOe members of the national assembly who are at the same time OeGB officials. It should be noted, though, that during the last few decades the number of members of parliament holding a position in an interest organisation has in fact decreased in all parties (Tálos and Kittel 2001), from 51.4% in 1973 to 28.8% in 1998 (Karlhofer 1999). Throughout the 1980s the presidents of the peak organisations used to hold a seat in the parliament as well. This tradition still holds for the president of the OeGB, while all the others refrained from taking up their parliamentary representation following rising public criticism of this practice (Karlhofer 2000). The close links between parties and labour associations traditionally ensured stable labour relations in Austria. Throughout the 1990s, however, the advantages repeatedly turned into the opposite – becoming an obstacle for employees' associations in representing their members. An example of this phenomenon is the unions' opposition to a government coalition (see below).

Recent developments since 2000 have accelerated the transformation of the traditional Austrian system of social partnership, which was hitherto considered to be capable of ensuring stability in economic and labour affairs. During the election campaign in 2000, the social partners already received a warning that they might lose power should the former government, a 'big coalition' between the SPOe and the Austrian People's Party (OeVP) – the two traditional partners of the social partners' peak organisations – cease to work together. For the first time in history the social partners gave a joint press conference, warning against a new governing coalition. This new strategy was a visible sign of the threat a new governing coalition posed to traditional consensus-oriented negotiation techniques. Even though neither the Freedom Party (FPOe) nor the OeVP achieved a majority in the elections of 2000, they agreed to form a coalition and hence were able to supersede the SPOe in government, since after three months of negotiation the SPOe and OeVP had still not come to an agreement. Unions' representatives were partly responsible for that result, since they had refused to take part in negotiations which would reinforce a 'big coalition'. This strategy was meant to extricate unions from their tight links to the socialist party, which had initiated welfare cutbacks in 1995 together with the OeVP. These cutbacks were not well received by union members and officials.

Already in the 1990s, a transformation was weakening perceptibly the power of labour while emphasising the power of capital (Karlhofer 1999; Traxler 2001) but the challenges to the social partnership became even more noticeable in Austria when the new government commenced its term in 2001 and pursued a rather forthright strategy of neoliberal policy-making. Most notably, a new quality of interaction between the social partners and the government became evident.

As opposed to the two traditional majority parties SPOe and OeVP, the new coalition partner, FPOe, has rather loose ties with interest organisations and is therefore free to

disregard their political objectives. Consequently, the new government has predominantly employed the strategy of circumventing the social partners' right to participate in the policy-making process. The former, traditional emphasis on reaching a consensus no longer applies (EIRO 2001; Tálos 2001; Karlhofer 2001). 'The traditional "corporatist" process of policy-making has been severely disrupted since the OeVP-FPOe coalition government took power, and political tensions between the government and the OeGB continually increased throughout the year (…). This tended to undermine the traditional function of social partnership as a platform for "interest clearing" and its ability to resolve socio-economic problems.' (EIRO 2002).

Since World War II, the government has, with one exception in the years 1966-1970, included the SPOe. Therefore the SPOe was used to holding power and in turn has had to find a way to live up to its newly assigned role as an opposition party. At the same time, the SPOe also has to deal with the coalition's new legislative practice of reducing the social partners' influence (Tálos 2001). Consequently, the Austrian umbrella organisation of the employees' interest associations, the Austrian Trade Union Federation (OeGB) and the Austrian Federal Chamber of Labour (BAK), lost power in two camps – first, in that of social partnership, and, secondly, in their formerly powerful ally and ruling party, the SPOe – and thus faced the need to find new strategies to attain their goals.

One strategy was to call for industrial action. In 2003 there were more strikes in Austria than during the last ten years altogether (Tálos 2005). Another strategy of the voluntary labour organisations, who faced increasing decline in their regulatory power, was to hold a nationwide poll amongst all employees in 2001, as to whether or not the legal status of the associations should be maintained[2]. The vote was affirmative. As a result, the government's circumvention of the social partners decreased and the tradition of expertise in legislation resumed (*ibid.*). Although the tradition of expertise by the social partners was re-established, the government tends to ignore these expertises, putting more emphasis on external expertise (Füreder *et al.* 2000). Thus, the most important veto today comes from the Constitutional Court.

Other traditions such as informal meetings based on the parity principle have still not resumed. The Austrian social partners' involvement in legislation now is best characterised by more dissent within the organisations, lower membership and less centralised power[3].

Nevertheless, path dependency still exists in the legal institutionalisation of the social partnership. Although informal influence and personal involvement have declined, the cornerstones of Austrian corporatism are still in force, such as obligatory and voluntary membership in vested interest organisations, bargaining without government influence, and the possibility to comment on new legislation through expertise.

2 A similar poll, exclusively for the Austrian Federal Chamber of Labour, was conducted in 1995/1996 after an official voter participation of 31% in the quadrennial chamber voting in 1994 (Karlhofer 1999: 15ff).

3 The employers' association, WKO, faces such a dwindling centralisation power, for example in small-scale craft production, that it did not ratify the newly negotiated collective agreements in 1998 (Karlhofer 1999).

Within the European context, the Austrian situation – with the social partners' involvement in social policy and even in family-related issues – is by no means unique. In Europe, labour associations frequently have a role in labour-related legislation, such as active labour market policies or training programmes (Traxler *et al.* 2001). However, family issues are not included in their scope of influence. Austrian employees' associations, on the other hand, have traditionally been involved in family legislation as well – partly because the act that preceded the Childcare Allowance Act, the Parental Leave Benefit Act (Eltern-Karenzurlaubsgesetz), was linked to labour law, and partly because of the corporatist traditions mentioned above. Since the reconciliation of family and employment is considered to depend more on the extent of equality on the labour market than on equality in the family or in the division of childcare responsibilities, the social partners at the EU level tend to be more involved than the governments of EU Member States in constructing the respective European directives (Verloo *et al.* 2004). Thus, this topic may be a 'window of opportunity' for the social partners as well on a European level, as it is apparent that there is indeed a strong relationship between labour and childcare issues.

Family policies in Austria

Unlike other European countries Austria has not added citizenship as a fundamental criterion for the eligibility for family benefits to the former universalistic criterion of employment status and insurance derived from that status (Esping-Andersen 1996). Nor did the shift from contribution-based to income-based benefit calculation take place in Austrian policies. In Austria, a non-actuarial pay-as-you-go system has been implemented. As a result, different incomes lead to an outcome that provides every eligible person with the same amount of family benefit. Social benefits mostly mirror employment status (*ibid.*). This holds true in Austria for nearly every social benefit with the exception of family benefits. A principle best described as 'every child is worth the same' is implicitly in force in Austria.

Of 29 European countries (EU 25 plus Norway, Iceland, Liechtenstein and Switzerland), Austria belongs to those 13 countries which provide a childcare allowance in addition to family benefits (MISSOC 2004)[4]. Austria's unique position in the highly heterogeneous landscape of European family politics is characterised by the fact that a large amount of money is allocated directly to families (Verloo *et al.* 2004). In 2001, 2.9% of Austrian GDP was distributed to families, which is well above the 2001 average of the EU 15 of 2.2% (OECD 2004)[5]. At the same time, active labour market policies make up 0.5% of Austrian GDP, which is below the European average of 0.9% (*ibid.*). Of all Austrian social expenditures, 10% are distributed among families, but only 17% of family expenditures are in the form of non-cash benefits (Tálos 2005). With the

4 The 13 countries providing a childcare allowance are: Austria, the Czech Republic, Denmark, Estonia, France, Germany, Hungary, Latvia, Lithuania, Luxembourg, Norway, Poland, and Slovakia.

5 The high family expenditures in Austria are only exceeded by those of the Nordic countries Finland and Norway, and by France and Luxembourg (OECD 2004).

Childcare Allowance Act, families receive even more money from the state, whereas payments in kind have been abolished. As allowances in kind mostly favour families on a low income, there has been a redistribution from low-income families to those with a higher income. This fact must be set out more clearly in the unions' arguments for achieving better opportunities for the reconciliation of work and family life.

The employees' organisations have already campaigned on the issue of public childcare facilities – especially for children younger than three years – and they frequently demand more effort and funding on the part of the government for establishing those facilities – predominantly in the provinces. Only 11% of children of this age attend nursery schools.

Both parties in government, the OeVP and the FPOe, attach great importance to family policy. During the election campaign, they focused mainly on this issue, whereas other candidates focused more on labour market strategies (Rosenberger and Schallert 2000). The new government's programme states: 'To establish a visible sign of appreciation of the contribution that families make to society, we wish to elevate family support to the status of national objective by incorporating it in the constitution.'[6] (Tálos 2001: 20; own translation). Family policies were a key issue in the government programme (EIRO 2000) and the proposal for the Childcare Allowance Act had already been elaborated therein (Tálos 2001). This shows how much weight the new coalition attaches to family issues (see also Rosenberger 2001). The promise made by each of the two ruling parties to change the existing Parental Leave Benefit Act in a way which would include all parents, not only gainfully employed parents, was certainly one of the most prominent election pledges during the campaign. As the BAK's representative puts it, 'It was the political prestige project (…) so they had to push it through.'

'Social accuracy' is used as the keyword for the reorganisation of welfare expenditures, namely the most important expenditures, such as those on retirement pensions, unemployment benefits and apprenticeship allowances (Füreder *et al.* 2000). All these areas of expenditure suffered cutbacks in order to consolidate the budget. Family policies, on the other hand, were not affected by cutbacks. Indeed, more funds have been allocated to family benefits.

The Childcare Allowance Act and its effects

The coalition did keep its promise to provide a 'child care allowance for everyone' and passed a new law. The family benefit for small children, formerly a social insurance service in accordance with labour law, was replaced by a family transfer benefit.

The main characteristics of the Childcare Allowance Act, which has been in force in Austria since January 2002, are as follows: parents receive €14.53 per day, which amounts to about €436 per month (without any valorisation), eligibility is for a

6 Although this has not happened yet, the statement of intent shows the government's emphasis on family issues.

maximum of two and a half years (three years, if parental leave is shared with the partner) and nearly all parents, regardless of their working status, are eligible. Non-EU citizens, however, are somewhat less likely to meet the requirements because they need to have lived in Austria for at least five years or to have been gainfully employed for no less than 52 weeks. Under the new law, the parent who receives a childcare allowance is entitled to earn up to €14 600 gross per year (or the aliquot amount of weeks taken for parental leave). The calculation of the total income is rather complex and includes, for example, rental income, but not the 13th or 14th (month) salary, which is common in Austria. If the eligible person exceeds this limit, the entire amount of childcare allowance received must be paid back.

Compared to other European countries, the Austrian childcare allowance and the related labour market policies are marked by two characteristics; first, parental leave and the corresponding protection against dismissal are guaranteed for a period of two years, whereas most other European countries offer parental leave and workplace protection for only three months after childbirth (MISSOC 2002). The second distinguishing feature is that the childcare allowance is not linked to working time, following a principle best described as 'all or none'.

As in other social policy matters, the social partners' expertise was mostly ignored by the government when the drafting of the Childcare Allowance Act was underway. A draft act is usually sent to the social partners when new legislation linked to their areas is under construction. With the Childcare Allowance Act, it took four months from the announcement until the first draft was circulated. There was no negotiation procedure at the round table which traditionally followed the drafting of a new act. Nevertheless, the BAK voiced their concerns regarding additional earnings and other matters. But, as the BAK representative put it, 'at the ministry, they played possum, not to mention the parliament'. This was not true in one case, as it turned out. So, in order to maintain a strong profile against governmental policy-making, the BAK at times tends to overshoot the mark.

Table 1: Mothers' re-entry into the labour market

Date of re-entry into the labour market (months after birth)	Former regulation – Parental Leave Benefit Act			Regulation since 2001 – Childcare Allowance Act			Changes (%)		
	Total	*Employed*	*Unemployed*	*Total*	*Employed*	*Unemployed*	*Total*	*Employed*	*Unemployed*
0-24	42.6	50.1	23	23.6	27.8	12.2	-19	-22.3	-10.8
24-30	11.2	11.9	9.2	10.5	18.4	9.4	4.7	2.9	0.2
30-33	3.1	3.0	3.2	11.7	12.6	9.4	8.6	9.6	6.2
No re-entry	43.1	34.9	64.6	48.8	41.3	69.1	5.7	6.4	4.5

Sources: Lutz 2004; own calculations.

This exception was related to the receipt of unemployment benefit together with childcare allowance. The legislative procedures preceding the implementation of the new law and the disassociation of the Childcare Allowance Act from labour law opened a window of opportunity for the BAK, too. Thanks to their intervention, the childcare allowance is no longer designed to be mutually exclusive to unemployment benefit as the parental leave benefit was, because both benefits depended on former employment status. This particular regulation of the Childcare Allowance Act shows that the BAK has retained at least some of its former influence.

Labour market integration – in particular of women – has been seriously affected by the Childcare Allowance Act. The percentage of women who return to work after two years of parental leave has decreased significantly (Lutz 2003, 2004).

Table 1 (above) shows a shift in the date of re-entry of mothers to the labour market, which is most obvious when looking at the fall of 22.3% in the number of parents who returned to employment after 24 months of childcare. Formerly employed parents stay away from the labour market for longer than formerly unemployed parents do. Several studies have confirmed the assumption that the longer parents stay away from work, the more difficult it is for them to return (Lutz 2003, 2004; Kapellerer *et al.* 1999). To put it in other words, the Childcare Allowance Act is a ticket for labour market intermission – this holds true especially for women, as, for the most part, they are the ones who stay away (see Table 3, below). If childcare and gainful employment were equally divided among men and women, men would most certainly be affected in the same way, but, according to most recent statistics, the problem still mainly applies to women. In December 2005, 96.6% of all recipients of the childcare allowance were women (see Table 3, below).

Employees' associations' view

There is one point in the new Act that everyone appears to agree on. Employers' and employees' associations and all parties concerned have considered it to be feasible to extend the group of parents eligible from the gainfully employed (with a smaller allowance for the self-employed and farmers) to all parents. At the same time, the BAK, OeGB and SPOe did not recognise that exactly this aspect of the regulation, which is the very core of the Childcare Allowance Act, is the reason why family benefits are separated from labour law. The separation from labour law became necessary because the Childcare Allowance Act has changed the benefit from being one that is granted only to gainfully employed parents to one that now covers all parents, regardless of their working status. A congruent strategy for the BAK and OeGB would be either to extend their clientele to include people without gainful employment as well, or to oppose the enlargement of the group of eligible parents. Yet, since this enlargement is certainly the most popular innovation of the Childcare Allowance Act, it may be rather difficult to follow the second strategy.

The fact that the childcare allowance has changed from being a social security service to a family transfer service is met with deep concern on the part of the BAK (Lamplmayr

2002). This switch is more than just symbolic in character. The Childcare Allowance Act now provides financial support for one additional year, prolonging eligibility from a maximum of two years to three years. As the childcare allowance has been disassociated from labour law and expanded, while the duration of workplace protection during parental leave has remained unchanged, a gap of up to one year has evolved. Research suggests that half of the women affected are not aware of this gap (EIRO 2003). Therefore, it is given special attention in the information booklet of the OeGB women's department (2005). The OeGB and BAK further demand a legal act to require employers to inform employees who are on parental leave in due time and in writing of the consequences of staying away from work for longer than two years. The group targeted by these two strategies (information campaign and demand for a legal act) are the employed.

With regard to women's disadvantages in the Austrian labour market, the OeGB standpoint is that two years of parental leave are enough. Instead, they consider it more sensible to reduce the eligibility period and raise the amount of childcare allowance that is dependent on former income. Designing the childcare allowance in this way equates to an advantage for high earners. However, it does not help parents who are not integrated in the labour force or who generate little income. In a changing labour market, this group is growing constantly. As a result, unions who concentrate on their traditional clientele ignore the potential that lies in representing the new labour force and the chances of regaining strength through representing them, too.

Particularly in Austria, which is the country with the highest gender income gap in Europe (EIRO 2003b), an income-dependent childcare allowance is even likely to be another causal factor in this gap. Although the OeGB puts emphasis on women's affairs (e.g. it opened its own women's department in 1945, the year of its own formation) a lack of understanding of gender-related issues is still noticeable. Demanding a salary-dependent childcare allowance is in line with the old male breadwinner focused path.

Not only the gap between dismissal protection and the maximum duration of the childcare allowance, but also the additional earnings limit during the parental leave is a crucial focus of criticism for employees' organisations.

The opposition parties maintain that the limit for additional earnings was set mainly because of limited budgetary resources, whereas the governing parties justify the regulation by arguing that it ensures that only those parents 'who need it' will receive the childcare allowance. The regulations for additional earnings were set by the Ministry of Finance in reference to the rules relating to tax collection. As a result, they are not really applicable and cause much confusion. Furthermore, anyone who exceeds the additional income limit is obliged to pay back the childcare allowance for the whole year. The interview partner from the BAK described the parents' prospects as having 'the sword of Damocles hanging over them'. The employees' associations argue that the regulation whereby paid out benefits are returned *ex post* clearly violates the rules and principles of the constitutional state (Lamplmayr 2002) and understandably believe that the regulation causes uncertainty and increases people's reluctance to participate in the labour market.

Having additional earnings without limits and without losing workplace protection is only possible if two conditions are met: the recipient of childcare allowance does not work longer than 13 weeks a year, and he/she is employed by the same employer he/she worked for before the birth of the child. In this connection, the BAK has criticised the fact that the implications of infringing this regulation are not legally regulated.

Parents can apply to have their childcare allowance payments discontinued for a certain number of months if they expect to be exceeding the income limit during that period. In this case, the BAK believes that employees may run into problems with their employers, as they have no control over the punctuality of wage payments (Lamplmayr 2002). However, the BAK's concern is mainly limited to its members and excludes the self-employed, who may be just as likely to face the same problem if their clients pay behind schedule.

As regards the calculation of maximum earnings, a differentiation is made between the employed, the self-employed and agricultural workers. In the case of self-employed persons, for instance, social insurance contributions are counted as they are, whereas for employed persons they are weighted. Thus, the complex regulation on maximum additional income leads to inequality with respect to the working status of parents. Those who are able to influence and adjust their incomes (farmers, self-employed) are more likely to receive childcare allowance continuously than parents with regular employment contracts wishing to earn extra money during parental leave. As a result, fathers of the former group receive childcare allowance more frequently than employed fathers do (see Table 3, below).

There are differentiations among employees as well, depending on their collective agreements. The calculation of earnings limits is based on conventional social insurance contributions and follows a rather complex path. Some supplementary grants are excluded from the calculation, such as the two additional monthly incomes per year, granted by nearly every collective agreement. But some collective agreements include other supplementary grants as well and therefore affect the amount employees may earn in addition to the childcare allowance.

Another example which shows the inequality between employed and self-employed parents is the fact that the childcare allowance is mainly financed through a fund, which

Table 2: Family fund contributions 2005

	Million €	% of total contribution
Employers and employees	3 563	75.2
Taxes	400	8.44
Agriculture, forestry and self-employed	696	14.69
Provinces	11	0.23
Miscellaneous	68	1.44
Total	4 738	

Sources: Federal Austrian Social Insurances Association; own calculations.

consists exclusively of employees' contributions, whereas everyone is eligible for the childcare allowance. This family costs contribution fund (*Familienlastenausgleichsfonds*) established in 1955 is unique in European family politics, as it is endowed by employees, employers and public corporations and used to be abundantly capitalised (Table 2, above).

If the fund's administration does not change, the risk of depletion is rather high because of the declining number of regularly employed contributors. Equal regulations concerning the occupational status of beneficiaries should correspond to equal regulations for contributions made to the fund. This is why the BAK and OeGB stand up for their members, i.e. gainfully employed workers, and tend to disregard others. They argue that everyone should contribute to the family fund and that the same regulations ought to apply to all parents. This is the only case where the employees' associations' strategy to emphasise their importance to their traditional union clientele, gainfully employed workers, really makes sense. If there is no awareness of the threats posed by the way this fund is administrated, all parents eligible for the childcare allowance are likely to be affected by cutbacks in family benefits paid out by the fund.

Although their proportion amongst all parents receiving childcare allowance is rather small, Table 3 clearly shows that families in which fathers are self-employed or farmers profit disproportionately from the Childcare Allowance Act.

Fathers' decisions as to whether or not to take parental leave are influenced by the Childcare Allowance Act. As there is no protection against dismissal after the child's second birthday, and a father usually goes on parental leave after the mother, the father's participation in childcare has certainly become more intricate. A representative of the BAK called it a 'high-wire act for fathers who are willing to go on parental leave'. This problem is partly caused by the limitation of additional earnings, since men tend to earn a lot more than their female partners – especially in Austria, where the income difference between men and women is the highest in Europe (EIRO 2003a)[7]. The employees' associations should therefore keep more of an eye on this income gap in order to promote women's participation in the primary labour market.

Table 3: Family fund expenditures for childcare allowance December 2005

	Total	Female	Male	% of group	% of men within group
Gainfully employed	110 385	107 790	2 595	64.5	2.3
Self-employed	3 387	2 680	707	1.9	20.9
Agriculture and forestry	2 729	2 330	399	1.6	14.6
Housekeepers	29 274	28 794	480	17.1	1.6
Students	3 653	3 429	224	2.1	6.1
Public servants	3 999	3 758	241	2.3	6.0
Unemployed	17 626	16 698	928	10.3	5.2
Total	171 053	165 479	5 574		3.4

Sources: Austrian Chamber of Labour; own calculations.

In addition, there are other regulations which likewise affect a father's option or ability to take paternal leave. First, part-time parental leave, which was implemented in 1999 to boost the number of fathers taking advantage of parental leave, is no longer in force. The respective Act enabled parents to earn an income without any limits, provided that they reduce working time by at least 40%. The BAK, OeGB and the SPOe wish to re-introduce this regulation.

Secondly, the possibility of switching parental leave between the father and the mother twice, while the regulation does not allow both parents to receive childcare allowance at the same time, affects fathers' decision about paternal leave. The BAK has frequently challenged this provision, claiming that it hinders the participation of fathers in childcare, because the softer change-over, during which fathers can slowly grow into their – in most cases – new role, is no longer feasible.

Thirdly, the dismissal protection period for fathers before the beginning of paternal leave has been shortened under the new law as well. At the earliest, it now starts four months before the actual beginning of the leave and not – as it used to – with its announcement. So, in order to make sure that they retain their former jobs, fathers who wish to go on paternal leave must be well informed. The OeGB therefore demands once again a return to the previous set of regulations, which granted fathers protection against redundancy already from the moment of announcement of paternal leave.

Fourthly, the extension of the eligibility period for childcare allowance from a maximum of two years under the old law (if both parents opted for parental leave) to a maximum of three years (if both parents opt for parental leave) did not prolong the mandatory leave period for fathers. It still lasts no more than half a year and, taking into account the now extended overall parental leave, has actually been reduced from a quarter to a sixth of the maximum period. This indicates that paternal leave is deemed less important than maternal leave. The first three issues are important for employed fathers only, the fourth for all fathers. The employees' associations elaborated detailed political demands on the first three issues. As to the fourth issue, they merely call for a 'compulsory daddy's month', which will not change the proportion of childcare between fathers and mothers much. The bias towards employees' needs is obvious, when talking about male participation in childcare.

Not only fathers, but also single parents face disadvantages. Single parents are being discriminated against insofar as the payment of childcare allowance is only prolonged if the parental leave is shared with a partner. Single parents – who in reality are mostly mothers – had already lost their right to take parental leave for as long as two parents under the former SPOe-led government. The BAK interviewee severely criticised this fact but failed to mention that this kind of discrimination already existed under the SPOe-led government. This clearly shows that the BAK's viewpoint solidified even further with the SPOe's loss of governmental power.

7 Austria holds the worst position in a European ranking, with women's earnings averaging 68% of an average man's income. The overall European average is 81.7%.

Migrants from non-EU countries are the only group whose eligibility can be based on their former employment status. If neither parent is an Austrian citizen or has lived in Austria for a minimum of five years, at least one parent has to establish his or her legal entitlement to the childcare allowance through employment, i.e. he or she must have been employed for no less than 52 weeks prior to application. The BAK says that this is a form of discrimination as well, because no other group's eligibility is still linked to employment (Lamplmayr 2002). Here, the employees' associations' standpoint seems to contain some inconsistency. On the one hand, the nullified dependency on employment status is criticised by the BAK, but on the other hand, a still existing dependence for foreigners is under critique as well. This inconsistence obviously has its roots in the inconsistent design of the Childcare Allowance Act.

In a nutshell, the Childcare Allowance Act has brought some positive changes for the self-employed and farmers, who are able to adjust their income from capital investments or can easily hand over their official remuneration to others while attending to their work as before. Non-earning parents, such as students, housekeepers, or the unemployed, who could not claim childcare benefits previously, profit from the Childcare Allowance Act as well. Single parents and double-income families with a monthly income of above €1 216 each are disadvantaged.

The BAK, OeGB and SPOe have followed a consistent strategy of trying to find more transparent and non-discriminatory solutions with regard to additional income. The BAK, for instance, suggests a new definition that would limit additional earnings to an amount that matches the average income level in Austria. All three organisations demand that an income limit should only apply for a parent who works more than 24 hours a week, regardless of how much she (or sometimes maybe he) will earn. However, they do not call for the abolition of limits altogether; people who work more than 24 hours a week would still be required to adhere to earning limits. It is to be expected that the BAK, OeGB and SPOe will continue to join forces in fighting for their traditional clientele, the gainfully employed workers. To emphasise their power, the BAK even joined forces with one of the peak employers' associations in Austria, the IV, in a recent press conference. There, the new proposal for a Childcare Allowance Act which allows for a more dynamic earnings limit was jointly presented.

The government and the second peak employers' organisation, the Austrian Federal Economic Chamber (WKO), have differing views on additional income limits. The government is not willing to change the respective regulations yet; however, a lobby within the WKO calls for a total removal of limits to additional earnings. For instance, the chairwoman of the WKO unit 'Woman in Commerce', as well as a high-ranking OeVP representative, argue that the income limit is an obstacle for female entrepreneurs. It should be pointed out in this context, though, that while the SPOe in its role as an opposition party and its associated interest organisations hold a consolidated viewpoint in order to accumulate their power and influence, the (currently) more powerful part of the social partnership, namely WKO and IV, is less tied to its associated political party, the OeVP, and has a broader spectrum of political demands. Thus, it may be concluded

that the governing political party does give a certain degree of liberty to associated chambers and interest organisations.

The Childcare Allowance Act contains several contradictory elements. On the one hand, its goal is to improve parents' opportunities on the labour market. For that purpose it offers various opportunities to work, be it to the gainfully employed or to the self-employed. On the other hand, the Childcare Allowance Act is meant to offer parents the opportunity either of having a family member take care of the child for free, or of paying for professional care (in either a private or a community-run facility). Since the amount granted is not very high, care by a family member is much more common. The choices, however, are made even more complex by the fact that regulations on additional income during leave for childcare are rather inscrutably designed and the income itself is strictly limited. The problem here is that the respective regulations both encourage and obstruct labour market participation, within one and the same act.

Outlook

For the most part, employees' interest associations hold their legitimacy and strength through two means: membership and participation in public policies. In both of these spheres their influence in Austria has tended to decrease throughout the last three decades. As the Austrian government's policy-making process with regard to the Childcare Allowance Act demonstrates, this trend has even been accelerated. The declining participation in legislation of the employees' interest organisations affects both the quality of the legislation as well as the reconcilability of the legislation with labour market participation. The employees' organisations face the challenge of undertaking countermeasures, such as putting more emphasis on policies strengthening the life-work balance. Once unions succeed in achieving their goals in public policy-making, they are likely to attract more members and thus strengthen their power. Business as usual will not help the employees' organisations regain power over the legislative process. Strategies such as the strikes and national polls are only short-term solutions that are not being followed up by more permanent problem-solving measures.

The lesson from the Austrian experience which is applicable in other European states is both straightforward and unsurprising: monetary expenditure alone will not bring parents back into the labour force. Non-cash benefits must be available for families as well. This means that designing a childcare allowance for a period longer than two years without any support for parents to return to work must be avoided. The same holds true for earnings limits that lack tied solutions. To achieve these aims, unions have to strive to broaden their spectrum of coalition partners. The European level and national institutions and NGOs that are affected by childcare and other social policies must be persuaded to act with a more intense focus on the practical needs of the workforce. Focusing only on long-established employee sectors is of little use in a labour market in which the composition of the workforce is constantly changing. A greater emphasis on labour market policies which strengthen women's participation, explicitly combined with family policies which encourage men's participation, may eventually bring about equal

chances for men and women. Accordingly, the results of this analysis are in line with those of Verloo *et al.* (2004: 2), who state that 'while reconciliation policies do facilitate the participation of women on the labour market, the form of its implementation is often mainly creating possibilities for women to combine care for children and paid labour, while it involves only minuscule options for stimulating fathers to take care for their children.' Therefore, in addition to Esping-Andersen's (1996: 83) conclusion: ' … that tomorrow's family and labour markets will demand a drastic reduction in the household's social care responsibilities', the employees' organisations must also put care regulations for fathers – and not just those fathers who are gainfully employed – on their agenda.

Despite the fact that removing oneself from the tight embrace of political parties may bear the danger of reducing one's influence, a self-contained political agenda, even in times of opposition, may help Austrian employees' organisations to maintain a distinct profile.

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