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Examining Public Policy from a Gendered Intra-Household Perspective: Changes in Family-Related Policies in the UK, Australia and Germany since the Mid-Nineties

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Abstract

Public policy can affect many different gender inequalities. However, relatively little attention has been paid to the effects of policy on gender inequalities within households. This paper analyses a range of family-related policy changes over the last fifteen years in Australia, Germany and the UK to compare their potential effects on intra-household gender inequalities. These include changes in parental leave policies, working time regulation, childcare support and financial support to families. Many of these changes are found to have contradictory effects on within household inequalities, mainly because those that improve women's incomes in their current gender roles may also undermine incentives to challenge traditional gender roles. All three countries have implemented substantial reforms over the period considered. However, with labour market activation policies tending to favour an inherently unequal one-and-a-half earner household, the effects on inequalities within households did not meet increasingly egalitarian gender role attitudes.

Key words

Intra-household inequalities; family policies; gender roles; individual income

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Resumen

Las políticas públicas pueden afectar a muy diversas desigualdades de género. Sin embargo, se ha prestado escasa atención a los efectos de la política sobre las desigualdades de género dentro de los hogares. En este trabajo se analiza una serie de cambios relativos a políticas familiares que se han dado en los últimos quince años en Australia, Alemania y el Reino Unido, para comparar sus efectos potenciales sobre las desigualdades de género dentro del hogar. Éstos incluyen cambios en las políticas de licencias parentales, la regulación de la jornada laboral, el apoyo al cuidado infantil y el apoyo financiero a las familias. Muchos de estos cambios han tenido efectos contradictorios en las desigualdades dentro de los hogares, sobre todo debido a que los que mejoran los ingresos de las mujeres en sus roles actuales de género también pueden socavar los incentivos para desafiar los roles tradicionales de género. Los tres países han llevado a cabo reformas sustanciales en el período referido. Sin embargo, con las políticas de activación del mercado de trabajo que tienden a favorecer a un hogar de una sola fuente de ingresos y medios inherentemente desiguales, los efectos sobre las desigualdades dentro de los hogares no cumplieron con las actitudes cada vez más igualitarias en cuanto a roles de género.

Palabras clave

Desigualdades dentro del hogar; políticas familiares; roles de género; ingresos individuales

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1. Introduction

A growing body of research has identified the importance of intra-household inequalities, especially in access to financial resources (Lundberg and Pollak 1996, Agarwal 1997, Friedberg and Webb 2006, Vogler *et al.* 2008). However, the impact of public policies on such intra-household inequalities has not been the subject of extensive research or political interest. This is urgently needed because many policies designed for quite different purpose have effects on intra-household inequalities. Knowing about such effects is important for two reasons: first because, intra-household inequality is a significant aspect of gender inequality overall, and second, because any policy will be designed more effectively if account is taken of any intra-household behavioural effects that may impede or help meet its goals.

Both the European Union and the OECD in practice promote the so-called "adult worker model", whereby individuals of both sexes are generally expected to take employment (Lewis and Giullari 2005). This has required some attention to helping people, in practice women, reconcile care responsibilities with employment and has resulted in countries developing hybrid models of adult worker families, with ambiguous discourses on the roles and relationships of the individuals making up a household. Such policies have been driven by concerns to raise revenues and promote individual/family self-reliance and agency, by shifting the costs of social protection from the state to the individual or family. They have not usually been motivated by concern to tackle intra-household inequalities in employment and care responsibilities or in access to financial resources nor, as is more frequently noted, by concern with gender equality more generally (Lewis *et al.* 2008). Most policy developments have emphasized agency (or "choice" as it is more usually put) at the level of the family, stopping short of engaging with how individual members within households make this happen. This is problematic because taking account of what goes on within households is fundamental to designing effective policy instruments to incentivise individual behaviour or target particular individuals, as well as to reduce gender inequalities (Haddad and Kanbur 1990, see also Bargain *et al.* 2006 for a review).

This paper will investigate how family-related policies, broadly defined, usually designed with goals other than gender equality in mind, have influenced intra-household inequalities. Comparing the UK, Germany and Australia, we investigate how a changing hierarchy of social and economic goals have been pursued in designing such policies in these countries. We show that policies may have contradictory effects on different aspects of intra-household inequalities, mainly on access to individual income and the sharing of caring and earning roles.

The three countries chosen offer an interesting contrast for our analysis as they represent different types of welfare states and institutional contexts (Esping-Andersen 1990, see also Meulders and O'Dorchai 2007 for some feminist critiques and enhancements of this classification). Australia and the UK are usually classified as liberal welfare states, in which individual choice and market solutions to social needs are cornerstones; they are also both members of the Commonwealth with strong cultural and historical links. Germany is conventionally defined as a conservative welfare state, but has an interesting history due to the unification of East and West. It belongs, like the UK, but unlike Australia, to the EU, so is bound by regulations developed at the European level, notably its Lisbon strategy whereby gender equality objectives became integrated into employment policy. All three countries are members of the OECD and subject to the pressures of globalisation. Finally, all had a significant change of government in the 1990s which resulted in reforms relevant to the concerns of this paper, and then another change in the 2000s.

As we shall see, all three countries have had similar patterns of gender inequalities in employment, pay and the allocation of care responsibilities, although stemming from different political histories. While in all the one-and-a-half earner couple is the

most frequent type, this has been true for longer in the UK (OECD 2013). Australia and Germany have been slower in encouraging maternal employment and both, in different recent periods, have had governments that explicitly promoted one-earner couples, with mothers taking full-time care of young children. They also have adopted more pro-natalist discourses than the UK, where policy discussion has not, up to now, shown any concern about the birth-rate (Fleckenstein 2010).

This paper will focus on a limited number of policy areas whose major impact is on the factors identified in the economic literature as most likely to influence intra-household inequalities: parental leave, working time, childcare and tax-benefit policies. By concentrating on these we limit the scope of our analysis in practice to working-age couples and also do not consider policies mainly affecting those whose care responsibilities are for adults. To keep the focus manageable, we have decided to restrict our attention to areas traditionally seen as comprising “family” or “family-friendly” policy, even though other policy areas, more traditionally seen as labour-market focused, such as anti-discrimination, equal pay and minimum wage legislation and the treatment of part-time workers, may have equally important effects on intra-household inequalities. Exploring the intra-household effects of policy more generally, and of other aspects of labour market policy in particular, is a task for a future research project.

The next section reviews the literature on the factors affecting intra-household inequalities and considers its implications for policies to reduce such inequalities. The third section examines what this means for the four policy areas on which this paper focuses. The following two sections outline first the general political changes in our three countries since the mid-nineties and then the resulting policy developments in these four areas, with a discussion of the implications of these changes for intra-household inequalities. The final section concludes.

2. Factors affecting intra-household inequality

Intra-household inequality can have a number of different meanings. With respect to financial resources, it can mean inequality in entitlement to an individual income, “money in one’s own right”, though this is complicated by the existence of joint claims for welfare benefits and joint bank accounts. Qualitative research in the UK has shown that the source of individual income, according to whether it is net earnings, contributory or universal benefits, or means tested benefits, may give it different meanings within the household. Such research also suggests that while low to middle income couples may see their finances as closely connected, women tend to value having some money in their own right, while men more frequently resist the notion of anything but total sharing (Bennett *et al.* 2012).

Women typically have less of such money in their own right than men, which may explain their greater sensitivity to it. Early feminist campaigns for women’s financial autonomy picked up on this, though exactly what was meant by financial autonomy is harder to pin down (Lister 2003). However, it is clear that reducing intra-household inequalities in this respect requires less gender inequality in earnings, through closing gender gaps in both pay and hours of employment, and reducing the inequality in time spent out of the labour market for caring responsibilities. This last inequality is crucial because it both reduces immediate income and typically has long-term effects on earning ability (Joshi *et al.* 1999). Given the persistence of this inequality, policies that financially compensate those unable to earn because of caring responsibilities might help reduce immediate intra-household income inequalities, but would have to be well designed if they were not to be counterproductive by exacerbating longer-term inequalities (Himmelweit 2008).

Intra-household inequality could also mean inequality in the benefits gained through the spending of a household’s resources. Economists’ models of intra-household decision-making have concentrated on this, investigating the factors that influence a couple’s consumption of goods, and possibly leisure, by examining

household expenditure data and sometimes individual time-use data to derive hypotheses about the factors influencing relative power in household decision-making more generally (Himmelweit *et al.* 2013). The initial “cooperative bargaining” models posited a couple as bargaining over the creation and use of pooled household resources. Relative power in such negotiations is determined by each partner’s fall-back position when cooperation breaks down, for example, their financial situation if they were on their own (including their potential earnings) or, how each would fare in their traditional gender role if the couple were to stay together but not cooperate (in which case a woman’s current individual income matters greatly to her bargaining power). Bargaining models therefore suggest that not only individual incomes and who receives payments matter to intra-household inequalities, but also more general institutional conditions under which men and women live, both as couples and singles (Mc Elroy 1990, Agarwal 1997, Folbre 1997). In particular support for the living standards of lone parents matters, whether directly through welfare benefits and divorce settlements, or indirectly through enabling them to realise their labour market potential.

More recently economists have turned to collective models, which investigate factors influencing cooperative outcomes empirically without requiring a bargaining framework based on fall-back positions, again usually measuring intra-household inequalities in terms of the consumption of goods and leisure. Under some assumptions, the factors influencing a “sharing rule” giving the portion of household resources each partner consumes can be determined (Himmelweit *et al.* 2013). Studies have found that, among other factors, each partner’s wage rate, share of household earnings and non-labour income (Bonke and Browning 2009) and the customary division of household wealth after divorce are all influential (Chiappori *et al.* 2002). Again policy can affect all of these.

In theory, bargaining and collective models are relevant to household decisions in any domain, but in practice the data used to estimate them is more restricted so that they end up assessing intra-household inequality in terms of the consumption of goods, and in some cases leisure. But the benefits that household resources can bring to individuals are much wider. The feminist demand for financial autonomy mentioned above was trying to capture more than just consumption. Amartya Sen has suggested that the real benefits of resources are what they enable individuals to be or to do. Building on household bargaining models, Sen (1990) suggests that how partners’ contributions are valued by household members is key to determining the extent to which they benefit from household resources. For example, through gender norms concerning the importance of male breadwinning, women’s earnings may be valued less than men’s of the same amount; they also may be less reliable in practice because of the greater likelihood that a woman’s earnings would be reduced by caring responsibilities or by the less secure conditions under which many women are employed. Fulfilling caring responsibilities does not in general seem to be perceived to be as valuable as making a financial contribution to the household, and benefits paid to those taking on caring responsibilities may be less valued than earnings from employment (Bennett *et al.* 2012, De Henau and Himmelweit 2013a, 2013b).

There is also a large literature on intra-household inequalities in domestic labour. This is relevant to this paper not only as an inequality in its own right, but also because long hours of domestic work, or of home based child and elder care, feed intra-household inequalities in access to opportunities to spend time in other ways, in particular in employment and the benefits it brings in terms of current and future financial resources (Bryan and Sevilla-Sanz 2010). Thus promoting more equal sharing of domestic and caring duties is important in reducing intra-household inequalities not only in itself, but also in enabling women to gain intra-household bargaining power and share more equally in the benefits that household resources bring.

In sum the effectiveness of policies in tackling intra-household inequalities can be assessed against four main criteria, whether they:

1. Reduce intra-household inequalities that directly affect individual access to income, not only within intact couples, but also after separation;
2. Reduce inequalities in the distribution of caring and earning roles between partners that are known to influence individuals' bargaining power and thus their benefits from household resources;
3. Increase gender equality more generally in society by (a) tackling inequalities in the labour market or (b) reducing the disadvantages faced by those within couples and by single people in taking on caring responsibilities;
4. Weaken gender norms that reinforce gender inequalities within households and more widely, in particular through the value attached to each of these gender roles.

Conversely, policies that do the opposite may exacerbate intra-household inequalities.

The above list goes from the specific to the more general. However, all are relevant to intra-household inequalities. In particular gender inequalities more widely in society affect intra-household inequalities both through making unequal earnings likely within couples and through the effects of men's and women's fall-back positions as singles on bargaining power within couples. Further, the gender norms that reinforce inequalities not only operate *on* household inequalities but are reproduced *through* those inequalities themselves.

Policies can have effects that work in contradictory directions with respect to intra-household inequalities of income and gender roles. In particular there is the well-acknowledged problem that payments that boost the incomes of those out of the labour market for caring responsibilities (Criterion 1) may reinforce inequality of gender roles within the household (Criterion 2), by increasing the financial advantages of intra-household specialisation and thus disincentivising employment for the lower earner. And this will both reinforce and be reinforced by unequal conditions in the labour market (Criterion 3) and gender norms (Criterion 4), unless policies to tackle these are also introduced.

3. Policy effects on intra-household inequalities

Bearing in mind the interconnections between these four criteria we shall concentrate our analysis on four areas of family-related policy that impact particularly on individual incomes and gender roles within households (though noting where they might also be expected to have wider impacts on factors relevant to intra-household inequalities): parental leave, working-time, childcare and how tax-benefit policies deal with families. While these are by no means the only policies to have such effects, or even necessarily the strongest effects, they are chosen as those with the most direct effects on individual incomes and caring and earning roles between working-age couples.

3.1. Parental leave

Debates about the effect of parental leave on parent's employment and sharing of parenting roles continue (Hegewisch and Gornick 2011). Relatively short-term (about six months), well-paid, job-protected leave improves the income of mothers of newborns and seems to keep them in employment (Ray *et al.* 2010, Moss 2012). Similar leave reserved for fathers, if taken for significant periods outside their partner's leave period, are thought to promote intra-household equality in caring roles, beyond the immediate parental leave period. Although no country in the world has implemented fully individualised, well-paid leave of equal length for both parents, evidence from single elements of such a policy in different countries has

pointed towards its benefits in reducing gender inequalities more generally in society, by promoting more equal gender norms that value caring roles more highly (Gornick and Meyers 2003).

However, in a world of gendered labour markets and norms, the take-up of parental leave is highly gendered with women tending to take most, often all, leave that is available to both parents, and men not even taking leave that is reserved for them alone if it is too badly paid (De Henau *et al.* 2007). While some leave is necessary to enable new mothers to stay in employment at all, gender inequality within households may be reinforced by the availability of longer leave, which reduces the woman's income further, albeit temporarily. But the greater effects of long leave on intra-household inequalities may be in the woman's reduced longer-term career opportunities, while the man, frequently already the higher earner, is enabled to progress further in his career, unconstrained by care responsibilities. This inequality increases the longer and worse paid the leave is, also reinforcing labour market inequalities and gender norms more widely in society.

3.2. Working-time regulations

Flexible working arrangements, such as part-time working, flexitime and possibilities of home-working, provided they do not worsen pay, working conditions or employment rights and benefits, are likely to help individual workers with caring responsibilities stay in employment and progress in their careers. Legislation giving workers rights to such arrangements that are universal and include the right to revert to initial employment conditions should improve the labour market position of people trying to combine employment with caring responsibilities. But without universality, the need for such arrangements can make people pay for the flexibility they need in other ways, by trapping them in jobs and grades that allow flexibility, but are worse paid or have inferior conditions, pension rights, job protection or opportunities for promotion (Hegewisch 2009).

The effects on intra-household inequalities are therefore contingent. As with parental leave, availability and relative take-up by men and women matter: even where there are no income or career costs to take-up, there may be intra-household effects if those working flexibly, even if they take a greater share of caring responsibilities, are perceived as contributing less than those with traditional full-time jobs (De Henau and Himmelweit 2013b). Where take-up differs, for example if men are less willing to work flexibly or have more difficulty in getting employers' agreement to do so, flexible working may also exacerbate intra-household inequalities through negative effects on women's job prospects and men's caring roles, (Gornick and Meyers 2003, Himmelweit 2008).

Effective regulation of maximum working-time so as to reduce full-time working hours should have unambiguous effects. It should help increase equality in gender roles within households by creating better opportunities for sharing care time and family life between parents (Gornick and Heron 2006). Shorter maximum working hours should also make full-time employment more attractive to women. Given that women tend to work shorter hours than men, such a move should promote greater intra-household equality of income as well as gender roles (Himmelweit 2008). A similar intra-household equalising effect would be expected from regulations that promote parity of pay and working conditions between full-time workers and those working on all other types of contracts.

3.3. Childcare

The demand for childcare is closely connected to the length of parental leave and to policy on working hours. Returning to their jobs after parental leave, parents require childcare that is compatible with their hours of employment. Unless relatives are available to cover gaps, it is mothers who are likely to take substantial periods out of the labour market or take inferior jobs with more compatible hours

when their children are small, setting up patterns of earnings and gender roles with highly detrimental effects on intra-household equality in the longer-run (De Henau *et al.* 2010a).

Non-parental care services are therefore necessary for couples with young children, or indeed other care responsibilities, if both are to remain in employment. The cost to the parents of such care affects how worthwhile it is for a second earner to stay in employment or to re-enter the labour market after a break (De Henau *et al.* 2010a). And the hours and quality of available care matter too, otherwise families may not be able or willing to use it. Since women are most often seen as the second worker and primary carer in their households (an effect of both gender inequality in the labour market and gender norms), mothers typically have greater responsibility for organising and paying for childcare, and its costs are often treated as a direct tax on their earnings alone (Himmelweit and Sigala 2004). How much has to be paid for childcare therefore has a direct effect on intra-household inequalities, and childcare availability affects women's employment options more than men's. Even where men do not change their behaviour, in so far as women take up the opportunity to take employment, good quality affordable care services improve women's relative financial position within their households and should result in greater equality of caring and earning roles within households. Provided that childcare work does not remain such a poorly remunerated profession, and/or more men enter into it, childcare that is available and affordable is therefore an unambiguously positive contribution to intrahousehold equality (Gornick and Meyers 2003).

3.4. Tax-benefit treatment of families

Most benefit systems in practice reduce intra-household inequalities in income by channelling some resources to the lower earner (Figari *et al.* 2011); progressive income tax also helps, though not in systems of joint taxation. However, much of the equalising effect of tax and benefit systems happens through the payment of benefits for children to mothers; but this is not really money in the mother's own right. Nevertheless, for women who are out of the labour market these payments may provide their only direct source of income. Payments for children that go to women therefore have an equalising effect on intra-household inequality in individual incomes. This is also true if childcare subsidies delivered through the benefit system are paid to women, though here the more important effects are on incentives.

Further, if means-tested benefits do not fulfil the criterion of being "money in one's own right" to the same extent as earnings, compensating women through means-tested benefits for their lower earnings will not be as effective in reducing intra-household inequalities as equalising earnings. However, contributory benefits that are linked to previous employment status or earnings and individually based, such as parental leave payments and unemployment benefit, may not have the same problem if perceived more as an individual contribution to household income (Bennett and Sutherland 2011). In both cases, effects on incentives may be more important in the long-run.

Tax and benefit systems inevitably also influence the employment incentives of individuals within households. Progressive individual taxation, by having a higher marginal tax rate for higher earners, provides some incentive for equalising gender roles and earnings within households. Joint taxation taxes the lower earner at the same rate as the higher and therefore does nothing to counteract the specialisation in gender roles that the gender pay gap reproduces. A benefit system that uses household means testing will undermine individual taxation at the bottom end, by clawing back from both partners more of their earnings than the tax system alone, and with that addition being clawed back at the same rate for the lower as the higher earner (De Henau *et al.* 2010b). Given that the employment decision for

second earners is the more marginal one, and may have to take childcare costs into account too, this can work strongly against intra-household equality in gender roles, effectively favouring single earner households. Compared with individual assessment, joint assessment of household income, whether for progressive taxation or for means-tested benefits (including those that are child-related), works against intra-household equality in employment and caring roles.

The effects described above of parental leaves, working time regulations, childcare provision and tax-benefit transfers focus on effects on income inequalities and differential employment and care incentives for men and women in couples, addressing the first two dimensions of our policy evaluation framework. As we have seen many such policies have contradictory influences on intra-household inequalities by reinforcing intra-household and wider inequalities in gender roles and norms, even where they help make incomes within couples more equal. We will see in the following sections that these contradictions have not been systematically resolved by changes in family-related policies over the last fifteen years in our three countries of interest.

4. Political developments in the UK, Germany and Australia

4.1. Changes in policy motivations

Before the mid-1990s, all three countries would have been characterised as strong male breadwinner societies, in which women tended to be either full-time carers, or if employed, part-time workers (Lewis 2001). In the UK this was largely through neglect because the family arrangements so crucial to gender inequalities were treated as private and outside the legitimate domain of policy. In Germany after unification social policy was dominated by the former West Germany's positive support for the traditional role of the family as the main provider of care (Fleckenstein 2010). In Australia, some have argued that the focus was primarily on reducing male unemployment, pushing aside concern with gender inequalities (Redmond 1999).

In all three countries, after more than a decade of one party in power, there was a switch in the mid 1990s¹. Australia's Labor party lost to a right-wing Liberal-National coalition led by John Howard in 1996. The UK elected Tony Blair and his "New" Labour party in 1997 and in 1998 a grand left-wing red-green coalition led by Chancellor Gerhard Schröder took power in Germany. While Australia experienced a move to the right, the other two countries shifted to the left, although to a hybrid form of politics: the self declared "third way/neue mitte", which aimed to create a new system of welfare through a range of labour market activation policies (Hudson *et al.* 2008). These ideas were current in Australia too, under the influence of OECD initiatives. Although with different underlying objectives and through different instruments, all three countries developed policies aimed at increasing women's employment rates, especially those of lone mothers, in order to retain skills and raise GDP but also cut spending on out-of-work benefits.

The UK's New Labour government was characterised by its widespread use of the terms 'flexibility and choice', whereby social inclusion was best achieved through employment, and competitiveness in a flexible labour market (Lewis and Campbell 2007). The state's role was to facilitate choice, justified because people know what is best for themselves, but also because necessary to the efficient working of markets (Brennan *et al.* 2012). However, choices were mainly to be made by families, without explicit reference to the individuals making them up, and policy

¹ In the UK, the Conservatives ruled unchallenged from 1979 to 1997 led by Prime Ministers Margaret Thatcher and John Major; in Australia Labor was in continuous power from 1983 to 1996, led by Bob Hawke then Paul Keating; and in Germany, the Christian-Democrats (sometimes in coalition with the Liberals) led by chancellor Helmut Kohl were in power from 1983 to 1998.

documents showed very little concern with gender equality, inside or outside the household. Families were supported, and had a responsibility, to have at least one person in employment, but individuals were left to negotiate privately with their employers and partners how to allocate their time between employment and care.

In Australia, similar activation policies (especially for lone parents) were devised by successive Howard governments, but the neo-liberal ideology of choice was combined with explicit reference to family values, promoting a full-time home care role for partnered mothers (Brennan 2007). Australia experienced a clear shift towards gender specialisation of roles, turning its back on the "femocrat" policies developed by the previous Labor governments that had explicitly promoted men's and women's equality (Cass 1994). Here too, the family became the main location of choice rather than gendered individuals. At the same time, flexible labour markets were promoted through decentralised employer-employee arrangements (including wage bargaining), undermining Australia's long-standing judicial arbitration of such matters, that had included judgements on family-friendly policies for specific industries. These too then became a matter for individual negotiation (Brennan 2007).

German labour market reforms, largely influenced by those in the UK, marked a significant departure from the conservative type of welfare state, by promoting a third way "welfare to work" approach to tackle persistently high unemployment (Fleckenstein 2008). However the Red-Green coalition recognised explicitly that increasing employment and promoting an adult worker model required more gender equality in both employment and caring roles; hence the development of policies that shifted away from Germany's long-standing support of a traditional gender division of roles (Lewis *et al.* 2008). The rhetoric of choice was also used but was more explicitly focused on the constraints impinging on men's and women's choices to take employment and to care (Lewis and Giullari 2005).

In the mid- to late-2000s, new governments took over in all three countries. Despite some changes in Germany and Australia, reforms brought by these new governments were not always out of line with previous policies. In the UK for example, the new Conservative led coalition government intensified trends in policies introduced by New Labour, such as the focus on "welfare to work", family-based means-tested benefits and private provision of child and adult care services. However, austerity measures following the financial crash reduced financial support for families with children, particularly lone parents, and unleashed significant cutbacks in public spending, including crucially in the public services and childcare subsidies that women need to take employment. At the same time reforms were planned that would systematise family means-testing in the welfare system and increase employment incentives for first earners, while reducing them for second earners. Critics argued that these moves were due to an ideological commitment to the male breadwinner model (Annesley and Bennett 2011). In Germany, radical policy reforms, ironically implemented by the new conservative-led coalition, increased childcare provision for infants under three and brought in shorter but better-paid parental leave with a period reserved exclusively for fathers; these reforms had been planned by the previous government, demonstrating convergence in the successive governments' orientations (Fleckenstein 2011). In Australia, the new government's most radical change was the introduction of statutory paid parental leave, but employment disincentives for second earners provided by the previous government's family tax benefit system remained substantively in place.

4.2. Results in terms of employment patterns

These broad policy changes were, explicitly or implicitly, based on, and consequently tended to reinforce, a one-and-a-half adult worker household, especially for families with dependent children. The most recent statistics from the

OECD showed that in 2008, this was the most frequent couple type applying to just under 40% of couples with children under 15 in Australia and the UK and slightly more in Germany with 44% of such couples (OECD 2013). Among the three countries, Australia had the largest proportion of single earner families at 31%, compared with 29% in Germany and 25% in the UK; there were more dual full-time earner couples in the UK than in the other two countries, with 25% compared to 21% in Australia and only 17% in Germany. For couple families with a child under 6, the proportion of single earner (and no earner) couples had declined markedly since 1994 in both Germany and the UK; in Germany this was entirely due to the growth of one- and a half earner couples, in some of which the woman was employed for very few hours. In the UK, the decline of the single earner couple had started much earlier with a roughly equal increase in the proportions of dual full-time and one-and-a-half earner couples from 1994 to 2008 (OECD 2013). Table 1 summarises the main employment trends since 1997 that had led up to that position.

Table 1: Evolution of employment indicators 1997-2007

	Australia			Germany			UK		
	1997	2002	2007	1997	2002	2007	1997	2002	2007
Male employment rate	77%	78%	81%	73%	71%	75%	75%	76%	77%
Female employment rate	60%	63%	67%	56%	59%	64%	63%	65%	66%
Empl. rate of mothers of child<6y	44%	45%	48%	50%	57%	60%	56%	57%	56%
Incidence of male part-time employment	15%	12%	12%	4%	6%	8%	8%	9%	10%
Incidence of female part-time employment	41%	39%	38%	31%	35%	39%	41%	40%	38%
Gender pay gap (FT)	15%	15%	15%	24%	26%	25%	25%	23%	21%
Usual weekly hours men		41.4	40.7		40.6	40		42.8	41.8
Usual weekly hours women		30.7	30.9		31.4	30.2		31.1	31.4
% PT women involuntary		26.2	24.7		9.3	16.3		5.6	6.5
% PT men involuntary		42	36.9		30.7	27.9		40.3	41.2

Source: OECD (2011).

Between 1997 and 2007, both male and female employment rates increased, though women's increased faster, especially in Germany and Australia. The UK had higher rates of female employment at the start of the period, with Australia's not far behind and Germany's picking up in more recent years. The employment rate of mothers with a child of under 6 years old, while lower than in the UK in 1997, rose more in both Australia and Germany, with Germany's catching up with that of the UK by 2002 and overtaking it by 2007.

Men were employed relatively long hours compared to women, with all three countries having among the largest differentials in usual hours of employment in the OECD (OECD 2011). Women were employed on average only 75% of the hours of men. We can also see that the gender pay gap (for those employed full-time) was highest in Germany at around 25% but considerably lower in Australia at 15%. Only the UK saw a slight decrease in the gender pay gap by 2007.

5. Specific policy changes and intra-household implications

We now consider the four policy areas with bearing on intra-household gender inequalities on which this paper concentrates: parental leave, working-time, childcare, and tax-benefit policies. We give tables below summarising for each policy area the main measures in place before the new governments elected in the mid 1990s came to power, the changes brought in by those governments and any subsequent policy changes after those governments were replaced.

5.1. Parental Leave systems

In all three countries parental leave policy has been designed to retain women's skills in the labour market so as to enhance productivity, growth and government

revenues. It has also, generally as a secondary aim, tried to improve the opportunities for fathers to participate in caring for babies, on the familialistic assumption that one-to-one parental care during a child's first year is best. In no country was the promotion of gender equality the main aim, even in Germany, where there was explicit reference to gender equality though focussed more on employment than parenting roles (Lewis *et al.* 2008).

As we have seen, the particular design of parental leave policies determines whether such policies reduce or increase intra-household gender inequalities through their effects on both the incomes of mothers and fathers and the distribution of caring and earning roles between them. Table 2 summarises the main changes in parental leave policy in our three countries.

Table 2: Effect of new governments in the UK, Australia and Germany in the late 1990s on parental leave policies

	UK (New Labour government 1997-2010)	Australia (Liberal-National coalition 1996-2007)	Germany (Red-Green coalition 1998-2005)
Before	<ul style="list-style-type: none"> - Job protected leave for 29 weeks for mothers - Paid maternity leave of 18 weeks; first 6 weeks at 90% earnings replacement, subsequent 12 weeks paid at very low uniform rate - No paternity or parental leave 	<ul style="list-style-type: none"> - 52 weeks statutory job-protected unpaid parental leave for the family of around time of birth (could be shared between parents). - No statutory paid leave; some sector and enterprise agreements included paid maternity leave. 	<ul style="list-style-type: none"> - 3-year job-protected unpaid parental leave (available to either but not both parents) - Paid maternity leave of 14 weeks at 100% earnings replacement - No specific paternity leave - Low paid means-tested childrearing benefit available to those on leave (or employed for less than 19 hours a week) with a child under two
During	<ul style="list-style-type: none"> - Job protection extended to one year for mothers - Paid maternity leave increased to 26 and then 39 weeks - Fixed rate of pay increased but still very low - Paternity leave of two weeks paid at same low rate - Additional paternity leave (after 26 weeks mothers could transfer any unused maternity leave and pay to fathers) - Unpaid individual parental leave (13 	<ul style="list-style-type: none"> - Introduction of individual contracts initially reduced numbers of workers covered by agreements that include paid maternity leave. - Some increase in later years for those employed by large organisations. - Lump sum Maternity Payment (Baby Bonus) for all mothers of newborns, (not just those in employment) introduced "as a fairer alternative" to paid maternity leave (worth 	<ul style="list-style-type: none"> - Sharing or simultaneous take-up of unpaid parental leave by parents allowed (within family total of three years). - Third year can be taken up to child's 8th birthday. - Amount of part-time employment allowed while receiving childrearing benefit increased from 19 to 30 hours per week.

	weeks in first 5 years of child's life)	less than equivalent of 14 weeks at minimum wage)	
Since	<ul style="list-style-type: none"> - From 2015, if a mother does not take all her maternity leave, after the first two weeks any remaining leave and pay can be taken as shared parental leave and pay, which can be taken jointly or separately. - Paternity leave remains at two weeks - Unpaid parental leave increased from 13 to 18 weeks to comply with the revised EU Parental Leave Directive (2010). From 2015, can be taken up to when child aged 18 years. 	<ul style="list-style-type: none"> - Introduction of 18-weeks paid parental leave in 2011, paid at minimum wage, to mothers or primary carers of an adopted child, and subsequently transferable between eligible parents (earning less than 3.7 times average female earnings) - Two-weeks paid paternity leave introduced in 2013 (at minimum wage) - Maternity Payment (Baby Bonus) continues for those not receiving paid parental leave (now paid fortnightly for 6 months and subject to an income test) - Up to a second 12 months unpaid leave can be taken when unused by the other parent (subject to employer's agreement) 	<ul style="list-style-type: none"> - From 2007, childrearing benefit replaced by better paid parental allowance available for just one year. - Parental allowance earnings-related (67% of earnings up to a ceiling at 64% and a floor at 11% of average full-time earnings); still available at a flat rate to those not previously in employment. - Two extra months paid parental leave reserved for fathers.

Sources: Brennan (2007), Lewis and Campbell (2007), Lewis *et al.* (2008), Moss (2006, 2012), Hegewisch (2009), EFWL (2008), Baird and Murray (2012), Blaxland *et al.* (2009).

The UK Labour Government's approach was to increase the length of paid maternity leave in stages, and raise its payment somewhat, although it remained poorly paid at well below what a full-time worker would earn on the minimum wage. Fathers were allowed only two weeks of equally badly paid leave around the time of the birth (Lewis and Campbell 2007). From 2011, mothers could transfer maternity leave and pay after the first six months to the father, but this fell short of an individual entitlement to paid leave, since it was conditional on the mother's eligibility and return to employment, and take-up was always expected to be low. The post-2010 coalition government continued this approach, increasing from 2013 the flexibility of how leave can be transferred, but leaving it as the mother's by default, and keeping the leave reserved for the father to just two weeks at the time of birth. By providing long periods of paid leave targeted at mothers but very little reserved for fathers, and paying both very badly, the UK parental leave system is therefore likely to reinforce traditional intra-household inequalities in parents' caring and employment roles.

Australia has had a statutory paid parental leave system only since 2011. Compared with the UK's it is considerably better paid, at minimum wage level (about 50% of average female full-time earnings), and of shorter duration, at 18 weeks, though unpaid leave is available individually to both parents for up to 12

months. The Australian paid parental leave system is similar to the UK's in that it goes to the mother by default (as the 'main carer'), but any unused leave can be transferred to the father, provided he also meets its eligibility conditions. The introduction of statutory paid parental leave represented a radical shift in Australia's family policy, although many employers had previously provided some pay during maternity leave. Yet take-up of both paid and unpaid leave is likely to remain gendered, with mothers taking the larger share in the absence of any paid leave explicitly reserved for the father (beyond the two weeks paid paternity leave introduced in 2013). Therefore, Australian parental leave which is not individual but the mother's by default, like maternity leave in the UK, gives signals that support unequal gender norms and roles within households.

Germany's reform of its parental leave system was more radical in explicitly challenging traditional male breadwinner/female carer assumptions. Already in 2001, Germany had had made parental leave more flexible by making it available individually to either parent, though take-up by fathers remained low. In 2007, the new government implemented more radical reforms to increase equality among parents in the division of caring and earning roles. These reforms had been designed by the previous red-green coalition government to encourage both women's employment and their fertility. The job-protected period of parental leave available to either parent was not changed, but the period that was paid was cut to one year and its pay was more generous; it became earnings related and no longer subject to a means-test, and also paid at a fixed rate also to those not previously in employment². The shorter paid leave period, combined with improved childcare provision, was a clear indication of the government's intention to reduce the long periods of sole maternal childcare traditional in West Germany. An additional two months of paid leave was reserved for the father; early figures show signs of significant increased take-up by fathers, although mainly limited to their two-month quota (Moss 2012). The German system is unusual in being specifically designed to encourage more sharing of parental roles, with a view to equalising partners' labour market outcomes and earnings. In so far as it is successful in doing so, it is likely to promote more equality within households both in incomes and in gender roles. However, that all but two months of the parental allowance can be taken by the mother and that its maximum pay is only about two thirds of the average wage are likely to limit fathers' take-up in practice, and thus reduce the parental leave reform's effects on intra-household inequality.

5.2. Working time

Table 3 summarises the main changes in policy on working time. Both Germany and the UK, as members of the EU have to implement its 1993 working time directive, which mandated, among other provisions, a maximum 48 hour week for all employees. This has been the case in Germany since 1993. In the UK the incoming Labour Government implemented it in 1998 the UK with an "individual opt-out" whereby an existing employee could "opt" to work longer hours, though this could not legally be made a condition of employment; the UK was the only EU country to adopt such an opt-out. Australia introduced a "relatively porous" maximum 38 hour week in 2009 (Charlesworth and Heron 2012, p. 171). In all three countries working hours for men are in practice much longer than the usual hours of employment of women. Thus the unequal one-and-a-half-earner model, dominant in all three countries, is sustained by long working hours, particularly for fathers, making it more likely mothers can only be employed part-time, while the large gap between full- and part- time hours makes it hard for women working part-time to move into full-time employment.

² However, in practice the unemployed gain little from the parental allowance because it is taken account in assessing other benefits. Although it was in theory extended to them, unemployed and poor parents were not the intended beneficiaries of the parental leave reforms.

Table 3: Effect of new governments in the UK, Australia and Germany in the late 1990s on working time

	UK (New Labour government 1997-2010)	Australia (Liberal-National coalition 1996-2007)	Germany (Red-Green coalition 1998-2005)
Before	<ul style="list-style-type: none"> - No statutory working time legislation 	<ul style="list-style-type: none"> - No statutory working time legislation but industrial relations court judgements limited working hours in some industries 	<ul style="list-style-type: none"> - EU 48 hour maximum week - Some protection of part-time workers
During	<ul style="list-style-type: none"> - EU 48 hour maximum week (implemented in 1998 with individual opt-out) - Right to request flexible working (in total hours, their scheduling and location) introduced for parents of children under 6 (2003) later extended to carers of adults (2007) and then to all parents with a child under 17 (2009) - Adoption of the EU Directive on part-time workers (2000) which mandates equal treatment to that of comparable full-timers 	<ul style="list-style-type: none"> - Introduction of individual contracts reduced number of workers covered such judgements - Protection of carers from discrimination and obligation on employers to make reasonable adjustments to working arrangements (NSW and VA) 	<ul style="list-style-type: none"> - Right to change working hours if employers do not object - Hartz II reform (2003): Fiscal incentives to take-up mini-jobs increased and extended to midi-jobs. - Adoption of the EU Directive on part-time workers (2000) which mandates equal treatment to that of comparable full-timers
Since	<ul style="list-style-type: none"> - Plan to extend right to request to all employees 	<ul style="list-style-type: none"> - Fair work Act 2009: introduces right to request flexible working (similar to UK) for parents who care for a pre-school child or a child up to age 18 years with a disability, - weekly maximum of 38 usual employment hours plus 'reasonable' additional hours 	

Sources: Brennan (2007), Lewis and Campbell (2007), Lewis *et al.* (2008), Moss (2006, 2012), Hegewisch (2009), EFWL (2008), Baird and Murray (2012), Blaxland *et al.* (2009), McBride (2000), Charlesworth and Heron (2012), Leschke *et al.* (2006).

In all three countries, inferior working conditions and pay in part-time employment are a significant problem. Attempts were made to remedy this by two approaches. Although Germany already had some laws dating back in the eighties protecting part-time workers, in 2000, the UK and Germany adopted the EUs 1997 directive on part-time employment mandating that part-time workers be employed under the

same conditions as comparable full-time workers (Scheele 2000). However in 2003, the German Hartz II reform extended existing employees' tax and insurance contribution exemptions applying to marginal employment to the so-called "mini-jobs", paying under 400 EUR a month, and abolished any limit on the number of exempt hours. "Midi-jobs" were also created to smooth the transition between mini-jobs and regular employment by tapering the tax and insurance exemption. Although this was not conceived primarily as a work-life balance measure, in practice these were jobs that could be fitted around care responsibilities. Mothers formed the majority taking them up and with joint taxation and social rights derived from their spouse they had little financial incentive to earn more (Leschke et al. 2006).

The other approach was to enable workers with caring responsibilities to retain their jobs if they needed to work part-time or shift their working arrangements in other ways. In the 1990s, and again in 2007 in Australia, all three countries implemented some measures to give access to flexible working arrangements, though these varied in coverage and levels of protection. Such rights "to request" have helped women to stay in jobs where they can use their skills and thus be employed under better pay and conditions than if they had to change jobs to have such flexibility. Women, especially those with young children, have taken up these measures to a far greater extent than men, and are more likely to have requests accepted (Hegewisch 2009). As argued earlier, flexible working rights available only to those who need to make use of them because of care responsibilities, as in the UK or Australia, as opposed to legislation that applies to all workers, as in Germany, transmit gender inequalities from the labour market into the home and back again. To increase intra-household gender equality in caring and earning roles full-time employment hours would need to be limited for all; but policy that achieves this in practice has not been successfully pursued by any of the three countries.

5.3. Childcare and pre-school education

Table 4 summarises the main changes in childcare policy. Although starting from different systems, both Australia and the UK encouraged the development of market provision of childcare through granting means-tested fee subsidies for low- and middle-income parents, and tax rebates for higher earners, extensive in Australia, but much more limited in the UK. The Labour government in the UK introduced free part-time pre-school education for all 3-4 year olds that was publicly funded but could be publicly or privately provided. Germany's childcare system, based on publicly-funded centres, while extensive for 3 year-olds and over, remained underdeveloped for under 3 year olds in the West, but extensive in the East. Since 2005 there has been substantial improvement in funding but places still fall far short of demand.

Table 4: Effect of new governments in the UK, Australia and Germany in the late 1990s on childcare provision

	UK (New Labour government 1997-2010)	Australia (Liberal-National coalition 1996-2007)	Germany (Red-Green coalition 1998-2005)
Before	<ul style="list-style-type: none"> - Very limited provision, mostly expensive private; some public provision and/or very limited subsidies to lone parents to enable employment and to children with disabilities 	<ul style="list-style-type: none"> - Subsidies to non-profit providers for low income parents - In 1991 changed to subsidising users and extended to users of accredited for-profit providers: Means-tested childcare fee relief (all parents, income-test and 	<ul style="list-style-type: none"> - Publicly subsidised legal entitlement to part-time (morning) coverage for all pre-school children aged 3+ - Decentralised, very limited subsidised day-care provision for 0-2 year olds (more in the East but falling

		longer hours coverage for parents in employment)	after reunification)
During	<ul style="list-style-type: none"> - National Childcare Strategy based on stimulating demand for private provision through means-tested subsidies for mid to low income parents through the tax credit system. - To be eligible both parents in a couple or a lone parent must be employed 16 hours or more - Limited tax rebate scheme for childcare costs for employees of participating employers. - Free part-time pre-school education gradually extended to all 3-4yr olds. 	<ul style="list-style-type: none"> - Introduction of an additional childcare fee tax rebate (capped and transferable between taxable partners) for more affluent parents in work (or training or looking for work) - Growth of ABC Learning, chain of childcare providers that came to dominate provision (and expand internationally). Monopoly provider in many areas. 	<ul style="list-style-type: none"> - Not much change (slowly increasing day-care provision for under 3s especially in West)
Since	<ul style="list-style-type: none"> - Percentage of childcare costs subsidised through tax credits cut back and income ceiling for eligibility lowered. - Plans of previous government to extend free pre-school education to disadvantaged 2-yr olds implemented, from 2013 - 20% childcare fee subsidy for all but the richest parents planned for 2015; increased subsidy for some on benefits from 2016. 	<ul style="list-style-type: none"> - National Quality Framework (2012): improved child/staff ratios and qualifications required - Changes in the regulatory and supervisory structure (more centralised) - Universal entitlement to 15 hours a week of nursery education for one year before entering school introduced in 2013 - Collapse of ABC Learning 	<ul style="list-style-type: none"> - Introduction of federal funding increased direct public funding of childcare places for under 3s with target of 35% coverage by 2013 - Also from 2013, legal right to a childcare place from first year of child's life. (with controversial plans to provide a childcare allowance if no place is available)

Sources: Brennan (2007), Lewis and Campbell (2007), Lewis *et al.* (2008), Moss (2006, 2012), Hegewisch (2009), EFWL (2008), Baird and Murray (2012), Blaxland *et al.* (2009), <http://www.acecqa.gov.au>.

Lack of affordable high quality childcare is another contributor to the one-and-a-half-earner model prevalent in all three countries. This is a frequent parental pattern where publicly-provided childcare is not sufficiently available or provided only for short hours, as in Germany, where lack of after-school care is also a problem since schools finish at lunch time. Similarly, despite subsidies, privately-provided childcare is too expensive for many in the UK, so the childcare system

relies on mothers working part-time, often supported by grandmothers and other relatives providing informal care. Australia's childcare availability and funding sit somewhere in the middle, with more generously subsidised private provision (and higher quality provision still largely provided by non-profits), but until recently little public recognition of the role of childcare in facilitating maternal employment (Mahon *et al.* 2012). This entrenches an inequality of gender roles in a one-and-a-half-earner household that, as argued above, not only undermines intra-household equality in incomes, but also makes gender equality in power and access to resources unlikely to be achieved.

Changes planned for the future should improve the situation somewhat. More childcare places for under threes are planned in both the UK and Germany, though for limited hours. The expense of full-time childcare is likely to remain a problem in the UK, since increased universal subsidies may simply put up fees charged by for-profit providers. Similarly the hours of provision remain a problem for mothers in full time employment in Germany. By contrast, Australia's recent reforms focused on improving childcare quality rather than coverage, by reorganising its supervision, implementing a national quality rating system, and requiring staff qualifications and reduced child/staff ratios.

5.4. Tax-Benefit treatment of families

Table 5 summarises the main ways in which changes were made to the systems of taxation and benefits that are relevant to intra-household inequalities in our three countries. The UK and Australia introduced substantial reforms targeting additional support on low-income families, particularly those in work, by the introduction of family-based means tested tax benefits (Working and Child Tax Credits in the UK and Family Tax Benefit A and B in Australia). This partially transformed their individually-based tax systems into effectively jointly means-tested systems for lower income couples. In Germany, joint taxation of married couples was maintained. Moreover, in Germany the long-term unemployed saw their benefit reduced in value and subject to a fiercer means-test from 2005. The result was that many women lost their entitlement to unemployment benefit in their own right, reducing their perceived contribution to their households' income. A similar change by which unemployment pay was replaced by job-seekers allowance, and means-tested on family income after six months, had been introduced in the UK in 1996, with similar effects.

Table 5: Effect of new governments in the UK, Australia and Germany in the late 1990s on the tax-benefit treatment of families

	UK (New Labour government 1997-2010)	Australia (Liberal-National coalition 1996-2007)	Germany (Red-Green coalition 1998-2005)
Before	<ul style="list-style-type: none"> - Universal child benefit paid to mother - Individual taxation - Low level means-tested payments to low income working families - Contribution based benefits increasingly replaced by family means-tested safety-net benefits (including unemployment pay after six months). 	<ul style="list-style-type: none"> - Family Allowance paid to the primary carer "affluence tested" i.e. reduced for higher income families, - Additional means-tested family payments (some specifically for parents caring for children at home) - Individual taxation 	<ul style="list-style-type: none"> - Universal child benefit (paid as cash benefit or tax allowance to the family) – level more than twice that of UK for 2 children with amount per child increasing for fourth and subsequent children - Joint taxation of married couples (income splitting) and limited de facto

			joint taxation of divorced couples with maintenance payment
During	<ul style="list-style-type: none"> - Development of more generous system of family-based means-tested refundable tax credits for families in work and/or with children (including childcare support), with payments for children and childcare paid to main carer. - Increased labour market availability (activation) requirements for benefits (including on lone parents and both members of couples) - Age of youngest child at which both members of couples and lone parents required to seek work reduced from 12 (2008), 10 (2009) to 7 years (2010) 	<ul style="list-style-type: none"> - Previous means-tested family benefits replaced (and amount increased) by Family tax benefit A introduced for each child - And additional Family tax benefit B paid to the sole earner in a family; stringent income test for secondary earner; subsequently reformed to reduce slightly the employment disincentive to second earners - Stricter labour market requirements for benefit receipt (including on lone parents and both members of couples) 	<ul style="list-style-type: none"> - Hartz IV reform (2005) reduced level of long-term unemployment pay and increased means-testing to take partner's income into account.
Since	<ul style="list-style-type: none"> - Child benefit frozen and withdrawn from families with a higher rate taxpayer - Reduction in income ceiling for eligibility for benefits and tax credits; uprating for inflation reduced - Roll-out from 2013 of "Universal Credit" (UC) to replace a range of previous benefits. UC will: <ul style="list-style-type: none"> - increase second earner disincentives - be paid as a single monthly payment to one person - payments for children no longer paid to main carer 	<ul style="list-style-type: none"> - No change in the structure of Family tax benefits (A and B) 	<ul style="list-style-type: none"> - No major change

Sources: Brennan (2007); Lewis and Campbell (2007); Lewis et al. (2008); Moss (2006, 2012); Hegewisch (2009); EFWL (2008); Baird and Murray (2012); Blaxland et al. (2009); Fleckenstein (2008).

All German parents continued to receive a universal Family Allowance for each child, paid either as a cash benefit or a tax allowance. The UK's less generous Child Benefit, paid normally to the mother, was also universal, but for lower income families, from 1999, was supplemented by tax credits means-tested on family income, paid to the main carer, that could be worth up to twice as much as Child Benefit. From January 2013, Child Benefit was withdrawn from high earners through the tax system. In Australia, Family Tax Benefit B, which was introduced to provide additional income to sole earner families with children, was paid to the tax-payer rather than the main carer.

One way to assess the impact of the complex mix of elements in a tax-benefit system on intra-household inequalities through differential work incentives is to examine the gain to a couple from one or both of them taking employment (OECD 2007). The average effective tax rate (AETR) gives the percentage of the gain in gross family income from taking or increasing employment that is lost through reduced benefits and/or increased taxes. Although a couple's behaviour in response to their tax and benefit treatment does not depend on this alone, examining AETRs provides a simple way to compare tax-benefit systems and likely behavioural responses. This gives us a way of assessing how different systems compare in mitigating (or reinforcing) traditional gender roles, and consequent access to household resources.

Table 6 summarises this for the systems that were in place in 2005, adapting results from the latest OECD Benefits and Wages report (2007) which simulated AETRs for couples at different levels of earnings, both with and without including childcare costs. A high AETR means that a high percentage of any additional family income is lost through reduced benefits and/or increased taxes, with 100% meaning all additional gross income is effectively taxed away. The table focuses on couples with a main earner in full-time employment at the national average wage (AW) when the other partner takes up a full-time job at two-thirds of AW. The table's results are highly sensitive to those earnings. This is particularly true in the UK and Australia, where the clash between individual taxation and the family means-testing of many benefits means that a complete analysis would require examining many different combinations of partners' earnings.

Table 6: Impact of second earner taking employment on net income and AETRs, with and without childcare costs, for couples with two pre-school children, July 2005

	Two earners Gross family income 167% of AW			One earner Gross family income 100% of AW		
	AU	GE	UK	AU	GE	UK
Gross earnings	167	167	167	100	100	100
Social Assistance	0.0	0.0	0.0	0.0	0.0	0.0
In-work benefits	0.0	0.0	0.0	0.0	0.0	0.0
Family Benefits	6.8	8.9	6.9	17.7	8.9	6.9
Housing Benefits	0.0	0.0	0.0	3.0	0.0	0.0
	-	-	-	-	-	-
Income Tax	37.6	31.9	27.7	24.0	11.5	17.5
		-	-		-	
SSC	0.0	34.8	14.7	0.0	20.8	-9.2
Net Income	136	109	131	97	76	80
Total tax plus SSC as % of gross income	18%	35%	21%	3%	24%	20%
	-	-	-			

Childcare fee	44.7	16.0	47.8	0	0	0
Childcare benefit/rebates	15.1	6.9	4.7	0	0	0
Tax reduction	16.4	0.0	0.0	0	0	0
Other benefits	0.0	0.0	0.0	0	0	0
Net cost of childcare	13.3	-9.1	43.1	0	0	0
Net income after childcare costs	123	100	88	97	76	80
Total tax plus SSC plus childcare costs as % of gross income	26%	40%	47%	3%	24%	20%
Second earner's AETR w/o childcare costs	41%	51%	24%			
Second earner's AETR with childcare costs	61%	65%	88%			

Source: own calculations based on data from OECD (2007)

Note: First earner is assumed to earn the average weekly wage (AW); potential second earner to earn 67% of that.

Family benefits include both cash benefits and tax credits; SSC = social security contributions.

Table 6 calculates AETRs as they were in July 2005, in families with a first earner earning the average wage, for a second earner taking employment. In Australia and Germany, with AETRs of 41% and 51% respectively, even when the second earner was relatively badly a substantial amount of the extra income was taxed away. This illustrates the effect of income tax splitting in the German tax system and of the one-earner bias of Australia's family tax benefit system (mainly part B). With an AETR of 24%, the UK system did not tax second earner employment so highly when the first earner was earning an average wage. However the household's AETR would have been much higher if the first earner had been earning less because the family would have lost more in means-tested tax credits when the second earner took a job. This shows the way in which the UK's tax credit system operates like joint taxation at the lower end of the income distribution to disincentivise second earner employment.

So in all countries, the tax-benefit system disincentivises employment for the partners of low earners; in Australia and Germany that disincentive applies also to households in which the first earner earns average wages, at least when the second earner is contemplating employment with earnings similar to those used in Table 6. There would be less disincentive to second earner employment for fewer hours, if earnings are below the income tax threshold, in the UK and Australian independent taxation systems, but not in Germany, where joint taxation means that even the lowest earnings of second earners are taxed as highly as their partner's³.

However, childcare costs increase the AETR when a second earner takes up employment much more in the UK than in the other two countries (to 88% for the couple considered in Table 6). This effect would be reduced if either partner earned less since a larger proportion of childcare costs would be subsidised, but it would still be the case that the most expensive childcare costs in Europe combined with a maximum subsidy of 70% up to a ceiling (which is considerably less than the average cost of full-time childcare) provide a significant disincentive to second

³ Indeed, second earners are often initially taxed at even higher rates than their higher earning partners, with the subsequent annual adjustment arriving too late for the value of the second earner's contribution to household income to be fully understood by many couples.

earner employment when childcare has to be purchased. For the UK, that is one reason why so many mothers of pre-school children work part-time.

Recent or planned reforms of tax-benefit systems are not likely to modify this picture, at least at these levels of earnings. Indeed, the introduction of the Universal Credit in the UK replacing tax credits and nearly all other means-tested benefits with a single monthly payment to just one member of a couple, will further entrench family means-testing and worsen second earner disincentives for lower income families. In Germany, so long as the joint taxation prevails, the disincentive will remain, and the Australian family tax benefit structure was not fundamentally changed by the subsequent Labor government despite modest increases in the threshold for means-testing the earnings of a second-earner.

6. Conclusion

This paper examined four domains of family-related policy reforms and considered the multiple ways in which they theoretically could, and in practice were likely to have, influenced intra-household inequalities, focusing particularly on effects on individual incomes and on gender roles with respect to employment and caring. The analysis revealed that over a period of fifteen years in which there were significant changes in the political orientation of governments in our three countries, the one-and-a-half-earner couple became reinforced as the norm around which policy was often designed, especially in the presence of young children.

Despite starting with different patterns of employment and care relations that had been developed under somewhat different policy orientations, policies in the three countries converged to some extent in their effects on intra-household inequalities. While in all three countries policies were successful in increasing women's labour market participation, especially that of mothers of young children, they tended also to reinforce women's roles as primary carers and secondary earners. As a result, these reforms did little to tackle intra-household gender inequalities, an issue that was ignored by policy makers in their emphasis on 'familial choice'. These policies succeeded in supporting families, or at least for one member, in moving from "welfare to work", but partners were left to negotiate privately their allocation of time and financial resources, which tended to reinforce the existing division of earning and caring roles.

However, a few specific policies may have contributed to reducing intra-household inequalities in the short and the longer-term by encouraging some more equal sharing of roles between partners. In Germany, the reduction of the length of paid parental leave and the introduction of some leave reserved for fathers reduced the number of mothers dropping out of the labour market entirely after parental leave and led to somewhat greater involvement of fathers in caring for children, at least in their first year. All countries introduced some in-work support to lone parents that must have helped improve partnered mothers' fall-back positions, hence potentially reducing intra-household inequalities among intact couples. And more generally, the expansion of childcare in all three countries was a positive move towards improving women's position in the labour market, and thus within households, even if it did not go far enough in terms of affordability and meeting demand.

Whenever politicians have removed practical constraints on men and women equalising gender roles, by the provision of free childcare or attractive parental leave for fathers for example, parents have responded in favour of greater intra-household equality by taking up these options (Hegewisch and Gornick 2011, Moss 2012). Policies that promote a traditional division of gender roles tend to go against the general aspirations of couples, who are showing increasingly egalitarian gender role attitudes (ISSP 1994, ISSP 2002, Lewis *et al.* 2008). If those aspirations get translated into voting intentions we could see more attention paid by policy makers in the future to the effects of their policies on intra-household inequalities.

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