Introduction: Farewell to Bismarck or Moving Forward back to Bismarck? Transformations of the German Welfare State

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1. General perspectives of this issue

A couple of years ago, drawing on recent pension reforms, we described the German welfare state as being in a state of transition towards an "uncertain something else" (Lamping and Rüb 2004). We argued that the German welfare state is beginning to lose its distinctive features as a *conservative type* of welfare state (knowing that Esping-Andersen used the word "conservative" as a term of political conflict as well as an analytical category, Esping-Andersen 1990). We argued that the German welfare state, and perhaps all those in Europe, will lose their distinct character as subtypes of the three (or many more) "worlds of welfare". While denying any kind of convergence towards a new or common welfare state model, we hypothesized that there will be a new type of welfare state, a *recombinant welfare* state pragmatically combining elements of the three "worlds of welfare" and adding new variations within each policy and within each type of welfare state. Following on from that, welfare statehood seems to be in a new era of *hybridization* (c.f. Schubert et al. (eds.) 2009). Therefore, it comes as no surprise that policy change within welfare states appears to be rather polymorphic, along with the overall picture of the paths pursued by welfare states in the 21st century. The contributions to this issue of German Policy Studies support this impression. Undoubtedly, this new era of hybridization appears to cause great confusion in the eyes of those trying to work out ideal types. The welfare state policies are ambivalent and ambiguous because politics is ambivalent and ambiguous: political decisions often do not follow clear political objectives (due to veto players, the need to make compromises, etc.), and neither does social policy. Despite this ambivalence and ambiguity, some tendencies are visible.

The authors of this issue on the policies of the German welfare state provide pieces of the puzzle. They provide empirical evidence not only for the theoretical argument of recombinant welfare states, but for what really happens with and within the German case in times of uncertainty. At first glance, when taking a more holistic view of the welfare state, contradictory processes seem to take place in different sectors at the same time, rendering it sometimes virtually impossible to argue that policy change is consistent both within and between policy sectors. There are, at the same time, increases in benefits and harsh cuts, greater state interventionism and greater self-regulation, greater competition and greater state control, greater self-responsibility and greater state paternalism, greater tax-financing and greater reliance on individual private contributions, greater means-tested basic-income provision and greater inequality, new policies which reduce status protection and those which explicitly try to guarantee status protection. One is faced, moreover, with gradual and radical change alike. For those familiar with the emergence, consolidation, retrenchment and recalibration of the welfare state, it is anything but surprising that the overall picture is somewhat puzzling.

In an earlier issue of *German Policy Studies* (Lamping and Rüb 2008a), the *politics* of German welfare state reform were discussed from different perspectives. The core question addressed by that earlier issue was: what historical, political and institutional factors and drivers (ideas, crises, interests, strategies, players, etc.) make reforms possible despite their generally low popular support, and which are of importance with respect to the direction and content of reforms? In the issue at hand, in contrast, the *policies* of German welfare state reform are at the center of interest.

Understanding why and how policies change and whether the changes make a difference is a core area of welfare state research. "Change", however, is a slippery term, difficult to conceptualize, define and operationalize, let alone to establish the mechanisms and conditions which promote or hamper it. Change can mean many different things and can comprise many phenomena. In this issue, we refer to change in terms of the policy dimension, i.e. to the content of change: changes in policy instruments, policy definitions and institutional arrangements. In this respect and with regard to the findings of the contributions in this issue, we mainly refer to change under consideration of four subdimensions: process, direction, output/outcome and scope, along with ideological implication (the *ideological implications* will be discussed in part 3 of this introduction).

1) *Process*: Capano/Howlett (2009: 2) distinguish between four theoretical perspectives on change, namely the "cyclical" (in which change occurs but returns to the status quo), the "dialectic" (in which change occurs through a process of negotiation and synthesis), "linear" (in which change occurs in an evolutionary fashion without any clear end point) and "teleological" (in which change occurs in the direction of a final and identifiable goal-state) patterns. The contributions to this issue certainly belong— to varying degrees – to the "dialectic" and "teleological" patterns of policy change. While they are all the results of bargaining and compromising processes, the question of a normative *leitbild* and final identifiable goal-state must be answered independently for each case. Although all the policy fields discussed here are in a phase of transition, in pension policy and labor market policy, the future contours seem to be much clearer and more visible than they appear to be in health policy, family policy and poverty policy. Apart from poverty, the future direction and structure of health and family are still much more politically contested and uncertain for many different reasons.

2) *Direction*: path-dependence is undoubtedly a classical concept of welfare-state research. However, path-dependence, as has often been discussed, is used in a variety of ways to describe and

explain a variety of phenomena (c.f. Pierson 2000; 2003; Mahoney 2000). Path-dependency has many faces, which does not make it easy to apply this concept. In addition, it points to a serious paradox: the direction of reforms is, more or less, tied to political decision-making, thus reducing the intensity and scope of reforms. At the same time, this makes reform changes more or less necessary simply because of the path-dependency of the developments of the welfare states.

Welfare state researchers seek to explain change, but often apply a theorem—path-dependency—which seems to be most inappropriate for explaining change. Nevertheless, in order to explain change, they mobilize a great deal of creativity to transform the notion of non-change into a concept of change. We claim, on a very general level with regard to the contributions to this issue, that path-dependence should by no means be mistaken for "non-change". This partly leads to the aspect—or dialectic—of "stability" and "change", which should not be dealt with separately. The two constantly and necessarily co-exist and are mutually dependent. There is no change without stability and vice versa. This seems trivial, but in reality it is not. Furthermore, the contributions to this issue suggest differentiating between micro and macro-path-dependencies. Micro-paths of change can eventually lead to a macro-change. Macro-changes are often the result of—and are accompanied by—critical junctures, i.e. fundamental choices within situations of great uncertainty (such as in pension or labor market policy in Germany). Such situations are fairly rare. The everyday political business in welfare state reform consists of small changes and small "course corrections".

3) Output/outcome: when measuring and operationalizing welfare state change, it is, as Green-Pedersen (2007: 16) emphasizes, important to differentiate between the *output* and the *outcome* of a reform: "The output perspective regards the welfare state as a number of government programs or policies, and welfare state reforms as changes to these outputs or programs. (…) Adopting an outcome perspective, the welfare state is viewed more from recipients' perspective, as a government's commitment to, for instance, minimizing inequality or maintaining full employment." Following this line of argument, comparative research as well as case studies should clearly define whether they intend to analyze the effects of policies or the enacted laws (measures) as such. The latter makes it quite difficult to conclude from the policy perspective to the actual implications on the population or certain policy sectors—and vice versa. Moreover, Hacker (2005: 73) alludes to the point that “too often, as retrenchment studies suggest, claims about institutional stability slip without warning or reflection into claims about outcomes stability”. This is not necessarily so. Whether or not people benefit or suffer from reforms, or whether or not reforms achieve what they are supposed to achieve are complex empirical questions. Therefore, the analysis of outcomes as a supplement to a mere output perspective should—especially in Germany where evaluation is still underdeveloped—be an essential part of welfare state research in order to get a more complete picture of the actual scope of change/retrenchment. Furthermore, when taking a more holistic view of what has happened, one should take the interactions and interdependencies between the different welfare state sectors and programs more systematically into consideration. One should take the whole picture, rather than just a reform snapshot, including complementary policy fields such as tax and fiscal policy. The outcome is the results of many cross-cutting effects, as illustrated, for example, by the article by *Petra Böhnke* on poverty.

4) Scope: Baumgartner and Jones (2002) describe, with regard to policy change, the considerable debate about the revolutionary or evolutionary nature of policy change, which levels of abstraction are best suited to the analysis of policy change, the classification of types of policy change, and—this should be added—the scope of policy change, i.e. whether it is marginal or fundamental. “When is a change big enough to be a system shift?”, Hinrichs and Kangas (2003) asked with regard to pension reforms in Finland and Germany. They are right to allude to the fact that very often, changes are incremental and their real impacts are not immediately visible, but rather take years or even decades before the consequences fully materialize. These small changes may gradually and over time change central features, i.e. the basic principles of a welfare state, and result in large-scale effects.

Welfare state development is marked by incrementalism and abrupt or sudden change alike, be it that incrementalism has reached its limits and policy makers have run out of internal options (such as in pension policy; cf. Lamping and Rüb 2004), or be it that far-reaching and/or structural reforms require fine adjustments in the years that follow (such as in health and labor market policy). The contributions to this issue provide ample evidence for these developments.

2. About the contributions

The German welfare state has been widely regarded as an example of strong path-dependency and resilience, caught up in its "conservative" grammar and unable to "modernize". The case studies of this journal show, to a different extent and in a different manner, that since the beginning of the new century, path-breaking or path-changing reforms have, in fact, been implemented. These reforms have been carried out partly due to critical junctures (such as in pension policy) and partly due to complex challenges (such as in labor market or family policy) in which politicians could claim an imperative to act and were able to open up reform windows.

Recent reforms in the areas of income protection and activation in European welfare states show some common, by and large *organizational* characteristics (cf. van Berkel 2009): the establishment of one-stop agencies, decentralization, the introduction of quasi-markets for the provision of activation services, a reduction of the role and influence of social partners, and the use of new public management instruments in managing public agencies. Nevertheless, beyond these "managerial" adjustments, the basic ideas and justifications of social policy, let alone the "ideology" of labor market policy, have changed substantially since the late 1990s in almost all Western European welfare states. Much has been written on both the crisis and ideology-driven turn towards a mixture of "enabling" (Gilbert and Gilbert 1998) and "workfare" (Jessop 1993) policies. Against this background, van Vliet (2010), relying on disaggregated expenditure data and policy indicators, shows an EU-wide convergence of social protection goals and increasingly active labor market policies. Clegg (2007: 607) states that “what we see in continental Europe is the selective development of activation, concentrated at the margins of the unemployment benefit system” and with a special emphasis on the creation of a low-wage sector.

In the wake of these organizational reforms, income protection schemes were often made less generous in order to reinforce work incentives, and the eligibility for income protection has become more dependent upon individual behavior and self-responsibility. The German “Hartz” reforms are paradigmatic for this reform approach. *Werner Eichhorst, Maria Grienberger-Zingerle* and *Regina Konle-Seidl* show, in their contribution, that after two decades of incremental labor market reforms, the SPD-Green German government enacted one of the most fundamental welfare state reforms of post-war Germany. They provide an in-depth account of the politically contested institutional changes in labor market policy which have far-reaching implications for the logic of the German welfare state. Their article shows not only the paradigmatic changes in the instruments of active and passive labor market policies (such as the newly created means-tested flat-rate basic income support for the long-term unemployed, new policy instruments of activation and work requirement, etc.), but also argues that these so-called “Hartz” reforms have led to a system shift away from “Bismarckian” status-protecting benefits towards a more “Beveridgean” model of income support with strong workfare elements.

The past two decades have been characterized by distinct waves of health care reforms. As Toth (2010), in his comparative study, demonstrates, it is to a large extent the “ideological learning” of the governments in power which has affected the content of reform initiatives. It can rightly be argued that such “ideological” policy transfer and policy borrowing and the implementation in the specific institutional configuration of the German health care system can explain recent reform initiatives and reform directions. In his article, *Thomas Gerlinger* shows in great detail that the German health care system is undergoing a “process of fundamental change affecting both its care structures and its financial and regulatory mechanisms". Starting in the first half of the 1990s and continued by the health reforms of 2004 and 2007, the paradigm shift in German health care has indeed consisted of a bundle of complementary policies which, guided by the dogma of increasing competitiveness and lowering costs, have transformed the care, financial and regulatory structures of the health care system: the establishment of a "specifically German version" of a regulated health service market, greater competition among sickness funds, a progressive privatization of treatment costs and greater consumer choice. *Gerlinger* argues that "in the course of this transformation the incentives for the participating actors are being reconfigured so that their individual financial interests (…) lead them to support the goal of restricting spending". As a consequence of these processes of gradually moving the German health care system towards a more liberal model, the "goal of adapting the health care system to fit the perceived requirements of a globalized economy has increasingly gained in importance over its function of protecting against the social life-risk of 'sickness'".

Less generosity, more market-based private provision and more activation of citizens to behave like consumers on welfare markets are core features of German social policy so far, especially since the paradigmatic labor market policy reforms discussed earlier in the introduction. These changes are also visible in pension policy. Yet these changes in pension policy cannot and should not be understood as a mere "silent surrender of public responsibility" (Gilbert 2002). These changes imply a different role of the state which can best be characterized as a kind of "liberal paternalism" (Lamping 2008; see also Thaler and Sunstein 2009, who call it *libertarian* paternalism). It is not the abundance of state responsibility, but rather a new conditionality which has entered the state-citizen relationship. It is a kind of "soft" paternalism within a (welfare) state role which reminds The Economist (April 8, 2006) of an "avuncular state", i.e. a state which offensively expresses specific expectations and tries to define good and adequate behavior while simultaneously providing incentives, support, and reward.

This is also part of the “choice revolution” (Blomqvist 2004) taking place in many welfare states, including the new German welfare state (Lamping 2008, 2009). The German welfare state is increasingly relying on welfare markets to deliver social services and income. Market mechanisms, competition, consequential choices being made by presumably well-informed individuals, and traditional consumer skills on the market of social products and services are gaining importance with respect to the allocation of resources, the production of financial security and services, and the determination of the user’s position in the welfare state and beyond (distribution and re-distribution). The burden of (rational) decision-making, however, has gradually been shifted to the individual. What makes things even more complicated is that at the same time, the welfare state is withdrawing from guaranteeing broad-based entitlements, quasi-automatic benefits and an adequate level of social protection, rendering individual well-being more and more dependent upon private choices and behavior—such as in German health care (*Gerlinger* in this issue), active labor market policy (*Eichhorst/Grienberger-Zingerle/Konle-Seidl* in this issue) and, to a different extent, also in *pension policy*. Yet despite a broad consensus in Germany that the public pension insurance should be supplemented by additional private provision, little has been said about the risks which that kind of (voluntary, but actually forced) privatization may entail. The most important risks are (cf. Lamping and Tepe 2009) challenges to equity, fairness and transparency, given the fact that the introduction of additional private provision in old-age security will benefit those who are well-off and well educated and lead to greater inequality in old age.

The primary cause of the pension “crisis” in many countries has been a failure to adapt to very long-term trends (such as increasing life expectancy, declining fertility and earlier retirement) (Barr and Diamond 2009). *Wolfram Lamping* and *Friedbert Rüb* argue that given the effects of the automatic adjustment factors, the revenue-based expenditure policy, the departure from the former public guarantee of preserving one’s previous standard of living during retirement (reduction of the replacement rate), the increase of the retirement age and the implementation of the means-tested basic provision in old age, the internal logic of the statutory pension insurance and of the entire system of German old-age security has changed fundamentally. The more the principle of status preservation is abandoned, the more the obligation to continue gainful employment (re-commodification) and social inequality in old age increase.

The question of poverty, income inequality and social cohesion is still one of the central issues in all Western societies—and will be in times of high budget deficits and financial and economic crises. According to the analysis by Fritzell and Veli-Mattevi (2010), the proportion of the national population with a market income below the poverty threshold has increased in all countries, and the cross-national variation in market income poverty is apparently not related to the type of welfare state regime. The risk of poverty, greater income inequality and reduced social cohesion is actually growing due to the emergence of *new social risks* (such as de-standardized and discontinuous work biographies, changes in family patterns and structures, etc.; c.f. Taylor-Gooby 2004; Bonoli 2006; Huber and Stephens 2006), less generous social security schemes and inadequate adjustments of these schemes to the new social requirements, and the lasting challenge presented by harsh global and intra-European economic competition. The question of how to ensure social integration and social cohesion while at the same time cutting costs and strengthening competitiveness has almost overstretched governments politically, but at the same time has inspired them to pursue new strategies and new policies.

Against this background, two features of the new German welfare state have become apparent in recent welfare state reforms: the welfare state is moving towards a *basis income state* by integrating basic income or basic provision elements in its social security institutions, and *activation* in its many facets, but it is predominately activation promoting labor market integration which ranks highly on the ideological and actual reform agenda. *Petra Böhnke,* in her contribution on “poverty and social exclusion in Germany”, draws attention, among other things, to the effects of this double shift. Embedded in the broader debate about a rising underclass in Germany, one of the questions dealt with in her contribution is whether and how the new activation paradigm of the social policy reforms has influenced the poverty risk throughout society. She comes to the grim conclusion that due, amongst other factors, to recent social and labor market policy reforms, the aims of which have been to decrease unemployment and social security expenditures, child poverty has increased, long-term poverty has risen (long-term unemployment, low education, etc.) and the percentage of working poor has gone up. Poverty profiles are changing while overall poverty rates are still stable. It is the poverty exposure of the already disadvantaged population groups, Böhnke continues, which has increased significantly. She argues, therefore, that recent social and labor market policy reforms have not proven to be as successful as intended with regard to diminishing poverty exposure.

Regarding the policy fields of pension, health care, unemployment and poverty presented in this issue, which show remarkable reform similarities (also in the common goal of stabilizing the contribution rates), family policy seems to differ in one important aspect: it is driven by an expansive logic in terms of services, infrastructure and benefits. This expansive logic comes as no surprise, since this policy field is not one of classic social insurance policy, and has been legitimized by great challenges (demography, labor market performance and the like), which partly explains the special status of this policy field. Even since before the turn of the millennium, German family policy has been marked by the introduction of new elements and a continuous expansion of various programs. Since the SPD-Green federal government came into power in 1998, the focus of family policy in Germany has shifted dramatically from providing child allowances and child tax credits to the provision of child care facilities and a specific pro-natalist cash benefit, which is a kind of temporary wage replacement with a set limit, and as such is thought to give an incentive to the middle class. This policy change is partly due to a dramatic shift of ideas in (West) German family policy, and partly due to a perceived and communicated imperative to act. Such a striking rhetoric of crisis (demography, labor market, economic downturn, human capital etc.) sometimes has the potential, as shown by Kuipers (2009), to overcome institutional inertia built up during long periods of path-dependent policy development.

From Bonn to Brussels via East Berlin has been the road taken by the new German family policy. *Ilona Ostner* reads this story as a “farewell to the family as we know it”. Embedded in a debate about the declining (West) German birth rate and its consequences for the economy and the labor market, the new “pro-natalist” German family policy, labeled as “sustainable family policy”, seeks to reach a threefold goal: to raise birth rates, to support parents in being workers and to invest in children as society’s future assets. Increasing child care facilities, early childhood education and the introduction of the new cash benefit, all of which are fairly costly programs, are the cornerstones of a new family policy which is very similar to those of the former East Germany or Scandinavia. These new family policies, *Ostner* argues, have a kind of labor market orientation at their core and, at the same time, appear to owe a lot to the activation paradigm. The “price”, however, according to *Ostner,* is a “de-familization of families” and a “(re-)commodification” of mothers.

3. How much “Bismarck” is still in the Bismarckian welfare state? Ideological implications

Viewed from within, welfare states are composite entities, and as such a compilation of contradictions consisting of various schemes which are regulated, organized and financed differently. Welfare states do not follow a systematic logic, nor do welfare state reforms: they are accidental, contingent, patchy, inconsistent and part of political conflicts and compromises. Welfare states are “straying” entities; they are necessarily permanent *provisional* or *interim solutions*. Change and adaption are normal and are not an expression of a state of crisis.

From the 1970s to the 1990s, the German welfare state had been changed mainly through stepwise, incremental processes leading to small and path-dependent policy changes. Since then, as the contributions of this issue show, policy change has been fairly substantial, partly altering the basic grammar of the German welfare state. From the point of view of comparative welfare state research, the popular picture of the “frozen continental landscape” can no longer be sustained, since even the veto-heavy, social insurance based Bismarckian welfare states have undergone major changes towards reduced status protection and greater self-responsibility. Although Palier/Martin (2007: 538) demonstrate “that in continental Europe, welfare reforms have followed a similar path”, these welfare states have adjusted differently at different points in time and with different priorities.

Is there a “thread”, or *leitmotif*, of recent social reforms in Germany, or are we simply witnessing reform chaos and confusion in the wake of political ad hoc management? Which overall conclusions can be drawn from the volume at hand? Can we simply say that the German welfare state is in a state of transition towards an “uncertain something else”, without being able to better qualify the direction of change? Drawing on the empirical findings of the contributions to this volume, we can identify six “creeping currents” of change:

1. A transfer of risk and responsibility from the state to individuals in combination with rising expectations towards individuals to become informed and rational managers of their own social security portfolios. This goes hand in hand with the emergency of politically regulated welfare markets as loci and producers of social security (shift from social citizenship to social consumerism).
2. At the same time, the ability of social security institutions to de-commodify is decreasing in combination with a strict re-valuation of gainful employment.This is accompanied by the systematic implementation of basic income/basic provision elements into the welfare state’s core institutions. There is also an increasing share of taxes in the financing of social security, which is the result of the basic contradiction between defined benefits and contribution-financed PAYG social security systems.
3. Parallel to this, we are witnessing a systematic financial fostering of childbearing in line with the fact that having children has massive implications for social policy benefits in a number of institutions.

Undoubtedly, when seen from outside, especially from Anglo-Saxon countries, "Germany is often regarded as the classic example of a high-welfare state, with perceived generous unemployment benefits, comfortable pensions and comprehensive health insurance" (Green et. al. 2007: 126). As the contributions to this issue demonstrate, although the process of retrenchment has been quite gradual and from a comparatively high level, the accumulation of reforms in the different sectors of the welfare state have quite dramatically changed the foundations and fundamental principles of the German welfare state. As mentioned previously, it is the cumulative effect of various and contingent reforms which has changed the overall philosophy of the German welfare state (see also Czada 2005). We term this omni-directional development a shift towards *conservative universalism* in order to highlight both the conservative - though damaged - "ground coat" of the German welfare state, which is still visible and influential, and the incomplete incorporation of universalist elements which seem to have a function as "stopgaps".

Conservative refers to the fact that the maintenance of status segregation and status reproduction as well as the linkage between employment-based advance payments (level and duration of contributions, etc.) are still at the heart of the German social insurance state. The core belief of German welfare statehood—the preservation of status differentials for the well-integrated core workers—has only been slightly weakened, although there is a great fear among the German middle class, who are in fact supporters of a large earnings-related (Bismarckian) system, of being among the losers of recent reforms. Moreover, the emphasis on subsidiarity, which is at the core of conservative welfare statehood, has actually been strengthened by the welfare state reforms discussed in this issue. Family policy, however, is ambiguous. It is in line with conservative notions of welfare statehood, while at the same time being different in some respects. It is in line with conservative notions insofar as the new family benefit *(Elterngeld)* has a clear wage replacement - and thus status differentiating - function: the new financial parental support (*Elterngeld*) is a particular program reinforcing the mechanism of status preservation inherent in typically conservative welfare states. In addition, maternal leave (up to three years) and an increase of pensions credits for mothers with children point to a re-familization. Its case is different because the *Elterngeld* as well as the day care services encourage labor market participation and a reconciliation of work and family. Besides the loss of its encompassing protection capacity, this new family policy approach, as *Ostner* demonstrates, has slightly weakened a core idea of the conservative welfare state: the strong male breadwinner as a role model. Finally, the attribute "conservative" is still vital, not least because "labor", as a normative value and as a pure necessity, has a high status and plays an important role. This is due to the fact that the ideas of the Catholic social doctrine are still alive and influential in German welfare state reform. However, its nature is that of a *pseudo*-conservatism. This is due to the fact that behind the scenes of the "conservative" institutional architecture (and self-perception) of the German welfare state, which is still impressive, fundamental shifts have taken place: the new German welfare state is marked by a greater reliance on self-responsibility and self-interest, and by a greater acceptance of inequality within the framework of a general shift towards a basic provision state, more modest universal benefits, a decreasing de-commodification, an order of stratification which is more closely related to one's position on the labor market and the individual employment situation, and a fostering and subsidizing of private welfare schemes and private activity on markets in general. Altogether, the level of independence from the market guaranteed to individuals is gradually shrinking. Increasing fears of losing one's status stem from shorter periods of earnings replacement benefits (in labor market policy), less generous benefits in social security schemes (in labor market, pension, and health care policy), a growing role of private provision and private initiative (in labor market, pension, health and long-term care policy), and increasing differences in income within the public schemes (in pension policy), which are all the result of recent social policy reforms. Status protection has been replaced by a new "veil of ignorance" of one's future position in the welfare state and beyond. *Differentiation* (of benefits and in the social status) is generated by *voluntary* individual, private Insurance contracts (in long-term care and in additional private pension provision) or by optional tariffs, bespoke tariffs and the choice of optional benefits (in health care) (cf. *Gerlinger*, *Eichhorst et al.*, and *Rüb/Lamping* in this journal). Regarding the social outcome, this leads to a greater—double—inequality when it comes to the question of who actually claims additional, optional provision, and with regard to the actual individual provision (different outcomes: inadequate benefits and financial poverty as a consequence of poor decisions or of no decisions at all, etc.). Here, social stratification and inequality come in through the back door. This has led to a return of insecurity and uncertainty in the German welfare state, both in terms of benefits and in terms of new patterns of behavior imposed by social law.

Universalism refers, firstly, to the increase in tax-financed basic social care elements within social security schemes, which as uniform cash benefits—such as in pension and labor market policy—are not related to former income or periods of contributions. Secondly, going through the contributions to this issue, the overall impression is that of a new double egalitarianism marked firstly by a new egalitarianism in the form of the introduction of (means-tested) flat-rate basic provision—starting with long-term care in 1995, but most visible in passive labor market policy ("Hartz IV") and pension policy ("Riester-Rente"), and secondly by an equality of opportunities offered by the state (in family policy, labor market policy, pension policy): those who accept the paternalist "friendly offer" may profit from subsidies, vouchers, or facilities; those who do not have to bear the consequences. However, regime-specific features of universal welfare states generally include a high degree of program universalism and inclusion, access to welfare state programs for all citizens, low levels of benefit differentials and social inequality as well as a high share of tax-financing. The new German welfare state is far from being on the way to becoming such a universalistic welfare state. Not only is the underlying *leitbild* different (egalitarianism, universalism, etc.), the "character" of these basic social care schemes (social assistance, unemployment benefit II, basic financial security in old age) is also different: these are means-tested schemes for people in need or with low incomes, which provide low financial benefits. Therefore, the basic financial security in old age, for example, should not be mistaken for a universal (or near-universal) basic pension provided by the public pension scheme, and as such part of old-age provision. The differences, therefore, are obvious: compared to the greater decommodification and stronger universalism of Scandinavian welfare states, recent German reforms have further lowered decommodification and increased stratification. It is almost certainly an unfinished universalism which may never display all the core elements of the universalist welfare state.

To sum up: big changes—or only big words? We believe that recent reforms have brought about significant changes. The question as to whether we are actually witnessing a "farewell to Bismarck" or a "moving forward back to Bismarck" cannot conclusively be answered. Firstly for obvious reasons, because welfare state reform is never finished. This is trivial. But secondly, because the policy change we are witnessing is ambiguous and not particularly explicit, although there is evidence that the German welfare state is about to lose core features of what is widely perceived to be "conservative" in comparative welfare state research. Both are correct: there is a farewell to Bismarck (when we apply the term "Bismarck" as a synonym for "conservative" in comparative welfare state research), but at the same time there is a kind of "back to the roots" tendency (when we go back to the ideological conception of the German welfare state in the 1880s), most notably in old-age security and health care, and, in a more paternalist form, in labor market and poverty policy.

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