



EU RESEARCH ON SOCIAL SCIENCES AND HUMANITIES

Welfare Reform and the Management of Societal Change **WRAMSOC**

Interested in European research?

RTD info is our quarterly magazine keeping you in touch with main developments (results, programmes, events, etc.). It is available in English, French and German. A free sample copy or free subscription can be obtained from:

European Commission
Directorate-General for Research
Information and Communication Unit
B-1049 Brussels
Fax (32-2) 29-58220
E-mail: research@cec.eu.int
Internet: http://europa.eu.int/comm/research/rtdinfo/index_en.html

EUROPEAN COMMISSION

Directorate-General for Research
Directorate K — Knowledge-based economy and society
Unit-K.4 — Research in the social sciences and humanities

E-mail: rtd-citizen@cec.eu.int

Welfare Reform and the Management of Societal Change

WRAMSOC

Final report

Project HPSE - CT-2001-00078

Funded under the Key Action "Improving the Socio-Economic
Knowledge Base" of FP5

DG Research

EUROPEAN COMMISSION

ISSUED IN
January 2005

Coordinator of project :

University of Kent

Social and Public Policy,

CT2 7NY Canterbury, UK

Peter Taylor-Gooby

Partners :

Fondation Nationale des Sciences Politiques, FR, Bruno Palier

Humboldt-Universitaet Berlin, DE, Frank Bönker

Consejo Superior de Investigaciones Cientificas, ES, Luis Moreno

Université de Fribourg, CH, Giuliano Bonoli

University of Turku, FI, Olli Kangas

**EUROPEAN COMMISSION
RESEARCH**

Commissioner : Janez Potocnik

Directorate-General for Research
Director General: Achilleas Mitsos

The Directorate-General for Research is responsible for implementing EU level policies and activities in view of the development of the European Research Area. It initiates and implements the necessary Community actions, in particular the RTD Framework Programmes in terms of research and technological development. It also contributes to the implementation of the "Lisbon Strategy" regarding employment, competitiveness at international level, economic reform and social cohesion within the European Union.

The Directorate " Social Sciences and Humanities; Foresight" Directorate K, addresses key societal, economic and S&T challenges for Europe. It identifies and analyses major trends in relation to these challenges and examines them in the light of the principal EU strategic objectives and sectoral policies. The overall context for its work is the transition towards the knowledge based economy and society in Europe.

Within this overall framework, the Directorate provides a policy relevant research based capability executed through the promotion and management of research activities in the areas of social sciences, humanities and foresight, the exploitation of their results and its own analyses. In this way, the Directorate offers knowledge for policies (including RTD policies) while supporting the formulation of policies for knowledge.

Director : Theodius LENNON

Scientific Officer: Virginia VITORINO

Virginia.Vitorino@cec.eu.int

<http://www.cordis.lu/fp6/citizens.htm>, for information on Priority 7 – 'Citizens and Governance in a Knowledge Based Society' under the 6th Framework Programme.

<http://improving-ser.jrc.it/default/>, the database of socio-economic projects funded under the 4th and 5th Framework Programme.

http://europa.eu.int/comm/research/social-sciences/index_en.htm, Social sciences and humanities in Europa

*Europe Direct is a service to help you find answers
to your questions about the European Union*

**Freephone number:
00 800 6 7 8 9 10 11**

LEGAL NOTICE

Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the following information.

The views expressed in this publication are the sole responsibility of the author and do not necessarily reflect the views of the European Commission.

A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (<http://europa.eu.int>).

Cataloguing data can be found at the end of this publication.

Luxembourg: Office for Official Publications of the European Communities, 2004

© European Communities, 2004

Reproduction is authorised provided the source is acknowledged.

Printed in Belgium

PRINTED ON WHITE CHLORINE-FREE PAPER

PREFACE

Within the Research Fifth Framework Programme of the European Union, the Key Action "Improving the socio-economic knowledge base" carried broad and ambitious objectives, namely: to improve our understanding of the structural changes taking place in European society, to identify ways of managing these changes and to promote the active involvement of European citizens in shaping their own futures. A further important aim was to mobilise the research communities in the social sciences and humanities at the European level and to provide scientific support to policies at various levels, with particular attention to EU policy fields.

The Key Action Call "Improving the socio-economic knowledge base" had a total budget of 155 Million of Euros and was implemented through the launch of three Calls for proposals. As a result, 185 selected projects for funding have started their research work between 1999 and 2002, involving more than 1600 research teams from 38 countries.

At least half of these projects are now finalised and results are systematically published in the form of a Final Report.

The Calls addressed different but interrelated research themes which have contributed to the objectives outlined above. These themes can be grouped under a number of areas of policy relevance, each of which are addressed by a significant number of projects from a variety of perspectives.

These areas are the following:

- Societal trends and structural changes;
16 projects, total investment of 14.6 Million Euro, 164 teams
- Quality of life of European Citizens,
5 projects, total investment of 6.4 Million Euro; 36 teams
- European socio-economic models and challenges
9 projects; total investment of 9.3 Million Euro; 91 teams.
- Social cohesion, migration and welfare
30 projects, 28 Million Euro; 249 teams.
- Employment, and changes in work
18 projects; total investment of 17.5 Million Euro; 149 teams
- Gender, participation and quality of life
13 projects; total investment of 12.3 Million Euro; 97 teams
- Dynamics of knowledge, generation and use
8 projects; total investment of 6.1 Million Euro; 77 teams
- Education, training and new forms of learning
14 projects; total investment of 12.9 Million Euro; 105 teams
- Economic development and dynamics
22 projects; total investment of 15.3 Million Euro; 134 teams
- Governance, democracy and citizenship
28 projects; total investment of 25.5 Million Euro; 233 teams
- Challenges from European enlargement
13 project; total investment of 12.8 Million Euro; 116 teams
- Infrastructures to build the European Research Area
9 projects; total investment of 15.4 Million Euro; 74 teams.

This publication contains the final report of the project, "Welfare Reform and the Management of Societal Change", whose work has primarily contributed to the area "Social cohesion, migration and welfare" .

The report contains information about the main scientific findings of the network and their policy implications. The research was carried out by 6 teams over a period of 3 years, starting in October 2001.

European welfare systems differ markedly, but all face common pressures: economic globalisation, ageing populations, rising costs, changes in the jobs available, in family life and in people's expectations from government. Existing research tells us a great deal about what reforms are needed, in terms of cost containment, the more vigorous promotion of an active labour market and adapting provision to the needs of an ageing population and changing family patterns. We know much less about how to achieve these changes in the context of different national policy-making systems. This project provides a detailed examination of the range of factors that influence policy direction in a number of European countries. It also provides a new understanding of the reforms underway in European welfare states and of the best way to promote these reforms.

As the results of the projects financed under the Key Action 'Improving the Socio-economic knowledge base' become available to the scientific and policy communities, Priority 7 "Citizens and Governance in a Knowledge Based Society" of the Sixth Framework Programme of the European Union for Research and Technological Development (RTD) is building on the progress already made and aims at making a further contribution to the development of a European Research Area in the social sciences and the humanities.

I hope readers find the information in this publication both interesting and useful as well as clear evidence of the importance attached by the European Union to fostering research in the field of social sciences and the humanities.

T. LENNON,
Director

TABLE OF CONTENTS

Abstract	7
1. Executive Summary: Modernising Policy Paradigms and the Emergence of New Social Risks	9
1.1 Main Conclusions	9
1.2 Main Recommendations	10
1.3 Conceptual Background	11
1.3.1 New and Old Social Risks	11
1.3.2 The Significance of New Social Risks	12
1.3.3 Modernising Policy Paradigms	13
1.4 Findings	15
1.4.1 The Emergence of New Social Risks and the Policy Response	15
1.4.2 Paradigm Shifts and Modernisation	16
1.5 Policy-Making for New Social Risks	17
1.6 References: Executive Summary	19
2. Background and Objectives	21
2.1 Conceptual Background	21
2.1.1 New and Old Social Risks	23
2.1.2 Definition of New Social Risks	24
2.1.3 Relevance to the Research	26
2.1.3.1 <i>The individual level</i>	27
2.1.3.2 <i>The level of government</i>	27
2.2 Ideas and Policy Paradigms	30
2.2.1. Goals and Paradigms	30
2.2.2. Paradigm Shifts and Policy Discourses	31
3. Scientific Description: Project Results and Methodology	33
3.1 Research Methods	33
3.1.1 Choice of States	33
3.1.2 Choice of Policy Areas	34
3.1.3 Choice of Interviewees	34
3.1.4 The Interview Schedule	34
3.2 Findings	35
3.2.1 New Social Risks	35
3.2.1.1 The emergence of new social risks and responses to them	35
3.2.1.2 Nordic countries	36
3.2.1.3 Corporatist countries	37
3.2.1.4 Liberal countries	40
3.2.1.5 Mediterranean countries	42
3.2.1.6 The EU level	43
3.2.2 Convergence, Path-dependency and a 'New Paradigm'	44

3.2.3	Ideas and Policy Paradigms	45
3.2.4	Paradigm Shifts and Employment Policy	48
3.2.4.1	<i>Germany: Labour market policy</i>	48
3.2.4.2	<i>Labour market policy in France</i>	52
3.2.4.3	Labour market policy in Sweden	54
3.2.4.4	<i>Labour market policy in the UK</i>	57
3.2.4.5	<i>Conclusion: Policy Paradigms</i>	60
3.2.5	Paradigms in Equal Opportunities and Work-life Balance	61
3.2.5.1	Work-life balance reforms in Spain, Sweden, <i>Germany and the UK</i>	62
3.2.5.2	<i>Policies to promote Equal Opportunities</i>	64
3.2.5.3	<i>Policy Paradigms: Women and Paid Work</i>	66
4.	Conclusions and Policy Implications	69
4.1	The Institutional Context	69
4.2	Political Actors: Labour Market Reform	71
4.3	Political Actors: Women and Paid Work	72
4.4	Political Actors: New Risks resulting from Welfare State Reform	73
4.5	New Social Risks - A New Departure alongside the Traditional Paradigm	74
4.5.1	Realignments of Policy Actors	74
4.5.2	Power Resources and Policy Communities	75
4.6	Main Conclusions	77
4.7	Policy Implications and Recommendations	78
5.	Dissemination and Exploitation of the Results	79
5.1	Website	79
5.2	Conferences and Conference Papers	79
5.3	Publications	79
5.4	Follow-up	80
6.	Acknowledgements and References	81
6.1	Acknowledgements	81
6.2	References	81
6.3	Tables	86
7.	Output from the Project	95

Abstract

European welfare states are under pressures from labour markets shifts, population ageing, family change and economic globalisation. The WRAMSOC project examines changes in a range of policy-areas in seven EU countries and at EU level through reviews of recent developments at national and EU level and through more than 250 interviews with policy actors. The conceptual contribution of the project may be summarised in terms of two key distinctions:

- Between reforms involving *retrenchment* in response to fiscal pressures and demands that welfare states contribute to competitiveness through cost savings, and *modernisation* to tackle the ‘new social risks’ and meet the ‘new aspirations’ of citizens. Retrenchment is defined as responses to pressures which involve cut-backs or reform within the existing structure of welfare; modernisation as responses which involve significant innovation, either because they address a newly important need, or because the policy mechanism is transformed.
- Between objective *economic and social factors* that influence the context in which the politics of welfare reform operates, and the subjective level of the *understanding of those issues* by those actively involved in influencing and developing reforms. The latter influences processes of policy learning and transfer, opportunities for coalition-building and the extent to which policy reform is to be understood as pursuing a new direction, based on new values and objectives, or as modification of existing policy directions.

The first distinction enables us to identify areas in which European welfare state policies are involved in expansion and evolution to meet a changing agenda of citizen need, rather than simply defending the state quo under changing circumstances. The second permits further development of this distinction in terms of the new goals identified as the objectives of reform, and the implications for welfare state politics. These distinctions are of particular importance in analysis of policy development at the EU level, since EU social policy-making is currently most active in the area of modernisation, and is principally concerned with convincing member states of the need for co-ordinated actions in pursuit of common goals.

The key findings of the project are:

- Needs associated with new social risks are emerging alongside traditional social needs across European welfare states. Policy responses are shaped primarily by regime differences, but some convergence is taking place in specific areas.
- In labour market and work-life balance policy the shifts generally reflect the ‘modernising’ paradigm, proceeding at varying speeds in different countries, and involve greater emphasis on individual activation and benefit conditionality. These changes result from realignments of modernising actors as well as from shifts in policy ideas.

- Since actors other than the immediate new risk bearers are heavily involved in the reform debate, the outcomes tend to reflect the interests of groups such as employers.
- Good opportunities for EU level involvement in new social risk policy-making through the Open Method of Co-ordination and other means exist. The EU should seek to strengthen the influence of immediate risk bearers in social dialogue.

1. Executive Summary: Modernising Policy Paradigms and the Emergence of New Social Risks

1.1 Main Conclusions

1. Internal rather than external pressures continue to be of greatest importance in influencing welfare state reform processes across Europe. Needs associated with the new social risks of the transition towards a post-industrial society are emerging alongside traditional social needs. Policy responses are shaped primarily by regime differences, but some convergence is taking place in specific areas.
2. Attention to new social risks is a key element in the shift away from welfare state policies loosely based on neo-Keynesianism and towards a modernising paradigm in social policy. This approach stresses the pursuit of welfare goals via mechanisms which promote labour market flexibility, enhance human capital and expand individual opportunities. It is understood to link economic and social goals in a 'virtuous circle' and to match the direction of current economic and social change.
3. The politics of welfare state reform to meet new social risks differs from that in more traditional areas. Old social risks directly affect the interests of substantial groups in the electorate, but new social risks tend to exert immediate impact on minorities. Social partners and, particularly, employers, are especially important in new social risk policy-making, and 'modernising coalitions' between political parties and groups drawn from the social partners are often important. Since actors other than the immediate new risk bearers are heavily involved in reforms, outcomes tend to reflect the interests of such actors to a greater extent than is typically the case with old social risks.
4. The EU has strong opportunities to involve itself in the new policies, particularly in relation to changes in labour markets and to women's access to and position in paid work, because activity at national level in these areas is less well developed, and national policy actors have not developed entrenched positions.
5. Progress in these areas is difficult to achieve since the balance of interests involved is typically complex. While it is difficult to establish whether the EU's Open Method of Co-ordination in social policy has a strong impact, it contributes legitimacy resources to particular actors and advances issues on the political agenda. It should therefore be pursued and expanded.

1.2 Main Recommendations

1. The EU should seek to promote dialogues at which social partners and other policy actors can negotiate compromises, in view of the processes highlighted in the second conclusion. Directives on social dialogue contribute to this, but more could be done at the European level.
2. The risk bearers themselves should be directly involved in this dialogue, so that their contribution, as well as that of business, employers, unions and politicians can shape proposals (see the second and third conclusions).
3. The EU should also continue to pursue OMC policies vigorously and strengthen them by requiring national governments to consult social partners on issues and targets, for the reasons given in the third and fourth conclusion.
4. Enlargement requires the EU to engage with more diverse policy actors. For this reason, the above recommendations, and particularly the strengthening of arrangements for dialogue and for the conduct of OMC negotiations should be pursued vigorously.
5. The EU should investigate why the OMC does not receive more attention from policy actors working in the relevant areas at the national level.
6. Employed carers of frail older people do not have entitlements to paid leave analogous to those available to parents. The EU should consider proposing the introduction of such arrangements as part of the EES.

1.3 Conceptual Background

Recent discussion of challenges to and pressures on welfare states from population ageing, labour market change, economic globalisation, changes in the family and other factors supports three main points:

- A number of changes in policy direction have taken place, mainly in terms of retrenchment, recommodification and recalibration with some updating reform, but the different regimes seem remarkably resilient to pressures for convergence (Scharpf and Schmidt, 2002; Ferrera and Rhodes, 2000; Huber and Stephens, 2001);
- In assessment of the importance of different factors in generating pressure for change, internal factors (population, labour market and family change) seem more important than external ones (globalisation, transnational governance – see Pierson, 2001);
- The general outlook for the development of welfare states is bleak: ‘while reform agendas vary quite substantially across regime types, all of them place a priority on cost containment. This shared emphasis reflects the onset of permanent austerity...the control of public expenditure is a central, if not dominant consideration...the contemporary climate remains

a harsh one for efforts to improve social provision...or to address newly recognized risks' (Pierson, 2001, p 456)

Analysis of reform processes in the various countries indicate that this approach tends to stress constraint at the expense of innovation to meet new needs. Drawing on work by Bonoli (2003, 2004), Esping-Andersen (1999) and Jessop (2002) we develop the account of retrenchment and modernisation in terms of new and old social risks, distinctive in terms of political processes and underlying logic of reform.

1.3.1 New and Old Social Risks

The post-war development of European welfare took place under highly favourable circumstances: continuous growth in economies characterised by large manufacturing sectors; stable nuclear family structures which provided care for young children, frail older people and other dependent groups; governments able to manage their national economies through broadly neo-Keynesian policies which achieved continuing low unemployment and secure wages; and political systems in which coalitions of working and middle class groups were able to press effectively for higher social spending. The outcome was the Keynes-Beveridge or Keynes-Bismarck welfare state: governments managed economies to promote full employment and organised social provision for needs, such as retirement, unemployment, disability or child endowment, which market and family did not meet.

In the shift towards post-industrial society, growth rates are more uncertain, stable manufacturing sector employment is no longer available on a mass scale and economic globalisation tightens competitive pressures. Women's advance in education and employment and demands for more equal opportunities undermines traditional systems of unwaged social care. These changes create new social risks and a new reform agenda for the welfare state, alongside the existing policies to manage continuing old social risks.

New social risks concern the possibility of experiencing particular needs resulting from the economic and social changes associated with the transition towards a post-industrial society. These risks fall into three broad categories:

- Balancing paid work and family responsibilities, especially childcare or care for a frail elderly relative;
- Lacking the skills necessary to gain access to an adequately paid and secure job, especially important where employment contracts become more flexible;
- Losing access to satisfactory social provision through welfare state restructuring, for example, the recommodification of pensions.

The processes through which new social risks emerge vary from country to country. It should be stressed that Nordic countries in general have the most advanced recognition of these needs and the most developed policies to address them (Timonen, 2004).

1.3.2 The Significance of New Social Risks

From the individual perspective, new risks are typically significant but transitory and particular. The changes represent more serious problems for minorities at particular life-stages - those without access to adequate training or education, or who are unable to draw on child or elder care from the family or the state. Old social risks, to do mainly with retirement and ill-health, were more likely to form part of the continuing life-experience of the mass working class of industrial society. This has implications for welfare state politics.

From the perspective of government, the post-industrial transition leads to new constraints on and new opportunities for the welfare state, with implications for new social risk policy. While the costs of the traditional welfare state were often seen as a 'burden' on the wealth-producing economy, vulnerable to retrenchment in times of austerity, new social risk policies offer opportunities to draw new population groups (women with family responsibilities; young people outside the labour market) into paid work, and thus enhance competitiveness and cut social costs. From this perspective, new social risks offer opportunities for a 'virtuous circle' in which policies to meet economic and social goals reinforce rather than contradict each other (Levy, 1999), often expressed as the 'activation' and sometimes the 'modernisation' of welfare states.

New risk welfare politics is concerned primarily with mobilising the population to enhance competitiveness and with extending opportunities and changing behaviour and assumptions about responsibilities. While the mass services of the traditional welfare state generate their own constituency, new social risk cleavages are much more likely to cross-cut existing social divisions. At the same time, new possibilities emerge for employers and for those trade unions which represent workers most affected by new risks to form alliances in response to the shifts in the labour market.

1.3.3 Modernising Policy Paradigms

New social risks offer opportunities for new directions in policy, alongside the traditional approaches to old social risks. We used the notion of paradigm shift (Hall, 1993, pp. 278-9) to define new policy directions and to identify the possibilities for alliances between different social actors provided by shared perspectives. The notion of policy paradigm is used to sum up the shared core beliefs of a policy community. It includes ideas about the goals of policy; the identification of issues as problematic in relation to those goals; explanations of why problems arise; solutions to identified problems; explanations of why they will meet the problem; and definitions of the appropriate role for government and other actors.

Broadly speaking, Keynesian paradigms were dominant in industrial countries for much of the post-war period. These approaches included an account of the workings of political economy and of why a market system might be subject to unevenness and shortfalls in growth through mismatch in the availability of capital and investment opportunities at particular times (leading to depression or inflation). They also provide a recipe for economic intervention that explained how government could intervene through manipulation of interest and exchange rates in order to stimulate or restrain the economy. The traditional welfare state was generally legitimated at the economic level as intervention which redistributed to groups with a high propensity to consume, especially at times of demand deficit, and which enabled government to regulate demand through social programmes and social infrastructure projects.

Meeting political pressures from the working class and other groups with pro-social spending interests could thus be reconciled with policies which secured the conditions for continued economic growth.

After the oil crisis of the 1970s, policy-makers in many countries lost confidence in this paradigm as traditional approaches to economic management became more difficult to pursue. The paradigm that emerged as most influential in Europe was loosely based on monetarist approaches (McNamara, 1998, p.6), with three main implications for policy:

- First, government's capacity to manage the level of economic activity through manipulation of exchange and interest rates is seen as limited by two processes: the expansion and globalisation of currency markets, which permits speculators to make profits by manipulations which have the effect of destabilising currency values; and the operation of highly competitive international markets in many goods and now services in which shifts in currency values and hence trading prices will cancel the effect of any interest rate policies. Governments are no longer sovereign in their own house in respect of the traditional levers of economic management.
- Secondly, deficit-financed spending is no longer seen as a virtuous engine for stimulating growth and countering unemployment in the downswings of the economic cycle, and the attention of policy-makers switches to methods of increasing flexibility and reducing obstacles to the operation of market forces across labour markets in order to mobilise a competitive work-force.
- Thirdly, in an internationally competitive economy, the cost of social welfare is seen primarily as a 'burden' on the productive sector (especially when highlighted as social insurance contributions bearing directly on wages) and must be justified in terms of its effect of the social policies financed through social spending on competitive advantage, rather than on welfare standards as such.

Throughout Europe, political economic paradigms were increasingly influenced by the assumption that the objectives of the welfare state are best advanced by ensuring that the market works efficiently, rather than through interventions which expanded the provision of benefits and services. Such an approach is implicit in the priority given to low inflation, low budgetary deficits and low public debt in the Maastricht treaty criteria for membership of EMU. As a recent President of the European Central Bank put it:

'Greater flexibility in labour, product and financial markets together with sound fiscal positions and wage moderation will support the objective of maintaining price stability and will create stable conditions to foster employment creation. Such an interaction of policies ... is the best possible way to enhance the long-term welfare of the citizens of the Euro area' (Duisenberg, 2002).

The chief achievement of EU policy-making has been in the construction of an open market across the continent and the success achieved in this has been far beyond what

anyone initially anticipated. At the same time, the comparatively developed economies of Europe have succeeded in constructing European import controls which enable them to sustain internationally uncompetitive areas of activity, most notably high-return farming. EU economic policies have had an important impact on social welfare through the indirect effects of free market policies and of the Growth and Stability Pact in constraining spending and public borrowing. This has been diluted by the failure to implement penalties for Germany and France when they contravened the Pact's borrowing limits from 2002, but seems likely to continue in a less stringent form.

Direct policies have moved in two main directions. On the one hand a series of directives and associated policies are concerned to establish a level playing field across Europe, with measures designed to safeguard equality of opportunity, health and safety at work and public health, rights of parents in ways that enable them to combine work and family life and social security systems, both work-related and at the assistance level. On the other, the process of seeking to negotiate compromise and convergence towards a common direction through 'soft law' while respecting subsidiarity has been systematised through the OMC. OMC policies are furthest advanced in the European Employment Strategy (EES), but are also being pursued in social inclusion and pensions and are under development in relation to health and long-term care.

From this perspective, new social risks, which direct policy-makers' attention to skill mismatch, labour market inflexibility, work incentives and the opportunities and support available to women in relation to paid work, offer opportunities which may fit the developing paradigms of social policy-makers more closely than the high tax/high service spending approach of the industrial society welfare state. The paradigm shift in economic policy plays an important role in the legitimation of new developments in modernising social policy. New social risk policy is central to these developments.

1.4 Findings

Like many projects on EU policy-making, we faced the problem of too many variables and too few cases. We proceeded by case-study, analysing policy development and interviewing key actors in welfare states which reflected the range of regime types (Esping-Andersen, 1999, ch 5) and politics (Lijphart, 1999 ch 1) among EU members.

Our work supports three main findings:

- Needs associated with new social risks are emerging alongside traditional social needs across European welfare states. Policy responses are shaped primarily by regime differences, but some convergence is taking place in specific areas.
- In labour market and work-life balance policy the shifts generally reflect the 'modernising' paradigm, proceeding at varying speeds in different countries, and involve greater emphasis on individual activation and benefit conditionality. These changes result from realignments of modernising actors as well as from shifts in policy ideas.

- Since actors other than the immediate new risk bearers are heavily involved in the reform debate, the outcomes tend to reflect the interests of groups such as employers.

Our analysis falls into two sections: section A, based on country reviews and policy maps (Deliverables 2 and 3) reviews recent developments and supports the first finding. Section B examines current policy paradigms and possible future directions, taking the ideas of key actors into account. It supports the second and third findings, and is based on policy maps and interviews (Deliverables 3 and 4).

1.4.1 The Emergence of New Social Risks and the Policy Response

First, existing welfare policies have shaped the emergence of new social risks in various European societies. Regime differences, determined in large part by responses to old social risks, are powerful factors in influencing the pattern of new risks that different European countries now recognise. Secondly, however, the new social risk policies now being developed do not invariably reflect the characteristics of the existing old social risk regime. In Nordic countries, where new risk regimes were established earlier, the risks are in general catered for within the existing settlement. The emerging 'second-stage' new social risks for groups such as migrants may be tackled through extension of those policies. In corporatist countries, which make up the majority of European welfare states, new social risk responses indicate new directions in welfare, but reforms are currently incomplete so that the scale of change is uncertain.

In cases such as France, this may be understood as the emergence of a parallel 'second world of welfare', means-tested and tax-financed, alongside the social insurance system; in Germany it represents a drift away from the Bismarckian basis of state welfare in the face of pressing labour market issues. In Liberal countries the pattern of previous provision (targeted responses and a reliance on the market) may be identified in new social risk policies, although there is a simultaneous contrary shift to greater regulation. Development of new social risk policy appears limited in Mediterranean countries, in part because strong family systems have so far provided informal child-care and cushioned the high levels of youth unemployment. There are indications that younger women may not be willing to participate full-time in paid work and, at the same time, act as traditional informal household carers. The moves to deregulate employment are a new direction in the context of the Mediterranean regime.

New social risk reforms are shaped overall by path-dependency, but involve in some contexts new departures. The instruments used to tackle the needs vary. A decline in the contribution of social insurance contributions to the finance of state spending may be noted among the Corporatist countries (particularly in France, which has the greatest reliance on this system of finance in Europe) leading to some convergence, and reflecting the growth of tax-financed welfare among this group. Labour market controls have been loosened in corporatist countries to assist the creation of jobs with low social contributions, although in the liberal UK the implementation of a minimum wage implies somewhat stronger regulation for the most vulnerable groups.

The impact of the EU's OMC and associated 'soft law' policies on weak convergence is at present unclear. Directives do set standards in labour market related areas such as equal opportunities and parental rights, and do establish a role for private market

welfare provision which has exerted some influence. Most importantly, the EU's economic and fiscal policies influence the resources available for social welfare and reinforce the pressures of economic globalisation on debates about labour market policy, particularly in relation to flexibility and social insurance labour costs.

1.4.2 Paradigm Shifts and Modernisation

Two points emerge from the comparison:

- The trajectory of reform is in all cases away from passive benefits and towards activation, pursued at differing speed and with different degrees of benefit conditionality.
- In two of the countries reform has been associated with political realignment which involves a commitment to modernisation by parties of the centre-left and a shift towards support for such policies, to varying degrees, by elements in the trade union movement.

The second point is highlighted in the policy shift towards acceptance of 'make work pay' by the TUC in the UK, and the continuing development of the negotiations between modernisers and unions in Germany to achieve support for the next stage of Agenda 2010. Similarly, in France, the CFDT detached themselves from the position of other unions, and were able to gain the chair of the unemployment insurance committee and to place themselves in a favourable position when negotiating on behalf of their members in the context of the 35 hour week, as a result of their commitment to the *refondation sociale* proposed by the modernising employer's group, MEDEF. In general, employers' groups have supported the changes, on the grounds that they promote workforce mobilisation and enhance economic competitiveness. In Sweden the situation is rather different, due to the well-established activation system, the entrenched position of the SDP and the widespread commitment to maintaining welfare as well as competitiveness as a prominent goal of employment policy.

The reforms involve all three elements of Hall's notion of paradigm shift – policy goals, new policy instruments and the recalibrating of existing instruments. The interviews with significant policy actors indicate awareness of a transition to a new policy discourse.

In Germany, the goals of labour market policy for unemployed people have shifted from passive support, in which early retirement schemes played a large part, to an emphasis on activation. In Sweden, the goals of achieving social inclusion and a large measure of citizenship security have been substantially preserved, although the consensus that supported this may be eroded by dissent from the right and some business groups. In the UK, the shift has been from the negative activation policies of the Conservative government to an approach in which opportunities accessed through training play a central role.

At the level of instruments, there have been substantial changes. In Germany the most significant shift is the integration of unemployment and assistance benefits for the long-term unemployed. In Sweden, the shift in instruments has probably been least marked, although new targeted and mean-tested measures for specific groups

have been introduced. In the UK, the new instruments have been concerned with increasing incomes for lower-paid workers and with more detailed management of job search and training for benefit claimers. Recalibration has also been important. The most important changes have concerned restrictions on entitlement to insurance benefits in the Bismarckian countries, and constraint in the benefits available to those out of work to increase work incentives in the UK.

Shifts in political discourse helped to facilitate these reforms, as indicated in the interviews. Key actors are aware that labour market issues must be thought about in new ways. However, political realignments have also contributed to change. The manoeuvres of particular groups and their success in grasping the opportunities available to them in the different national contexts also play an important role, as the discussion above showed. In the UK, the marginalisation of the union movement in politics puts the TUC in a position where it is unable to oppose the government and is forced to gain what advantages it can for members in negotiations over such details as the level of minimum wage. In Germany, Schröder promoted the modernising groups in the Red Green Alliance against the traditionalists, and was able to impose his agenda by making it a resignation issue. Thus paradigm and discourse approaches offer valuable ways of summing up changes in the range of available policy frameworks, but need to be allied to accounts of shifts in the position of political actors in order to understand how changes take place.

1.5 Policy-Making for New Social Risks

New social risk reforms are able to make headway in European countries, despite the fact that new social risk-bearers are themselves a relatively weak political force. Reform processes depend in most cases on the programme favoured by the political actors who are able to exert an influence. The capacity to make such compromises depends on institutional structure and on the interests mobilised around the particular issue. It also depends on the process of transition to a modernising paradigm, which enables the relevant actors to form alliances. The fact that the welfare state settlements based on old social risk interests are vulnerable to modification indicates that systems which have sometimes been seen as 'immovable objects' admit shifts in the positions of relevant social actors. It is these shifts, and sometimes splits, within the established groupings of actors that are of particular importance in the development of new social risk policies.

In Nordic countries, an enduring consensus that government should enable all citizens to contribute as workers has led to extensive new social risks provision, so that attempts to cut services, curtail spending or introduce more negative activation are largely unsuccessful. Elsewhere, the most significant issue has been the realignment of political actors and the part played by social partners and especially by employers' groups. In Germany, the more consensual institutions and multiplicity of veto points have slowed reform and facilitated a greater role for social insurance institutions. In both cases, realignments of social actors have been important, in the role of modernising unions and employers' representatives in France and in the gradual process of rebuilding consensus among sufficient key actors to support Agenda 2010 in Germany.

The relationship between central and regional levels of government as well as between social partners and parties, and the opportunities for mobilisation around particular issues, have produced new opportunities for reform in Spain. Regional

government has been able to carry out innovative reforms, particularly with the support of the left-wing political parties and unions (as in the case of assistance), but not independently (as in the case of long-term care). In the UK context, the crucial shift has been the change in position of the Labour party, from commitment to a traditional welfare state to a 'modernised' settlement, which included both positive and negative activation policies and highly targeted support for child and elder care costs. This enabled alliances to be formed with some groups in business, particularly over child-care and activation, and precipitated a shift in the position of leading unions who were otherwise excluded from political engagement within the majoritarian centralised institutional framework.

Institutional structure makes a difference in facilitating or delaying change, and channelling it in particular directions, and in providing particular opportunities for compromise or for alliance between political actors. In the case of new social risks, unlike old social risks, the risk bearers themselves are not in a position to play a major role in the political process. One outcome is that the policies implemented tend to be shaped by the interests of other, more powerful, actors. The extent to which compatible paradigms are shared by such actors then becomes important.

The emphasis on mobilisation into paid work through activation fits with the shift away from neo-Keynesian full-employment economic management and towards welfare state modernisation in the overall policy paradigm. The greater salience of child-care also reflects women's involvement in paid work. It is in employment-centred issues that new social risk policy has made the strongest headway within the constraints of the various regime types. EU pursuit of the Open Method of Co-ordination recognizes and acquiesces in these differences. The real progress in policy innovation indicates that the future of European welfare states continues to surprise and can be summed up neither in terms of the bleakness of a 'retreat to permanent austerity' nor the intransigence of a 'frozen welfare landscape'.

1.6 References: Executive Summary

- Bonoli, G (2003) Providing coverage against new social risks in mature welfare states, paper presented at the New Social Risks conference, Lugano, September.
- Duisenberg, W. (President of the European Central Bank - 2002), Testimony before the Committee on Economic and Monetary Affairs of the European Parliament: [qa](#)Introductory Statement, Brussels, 21 May.
- Esping-Andersen, G. (1999) The Social Foundations of Post-industrial Economies, Oxford University Press, Oxford.
- Ferrera, M. and Rhodes, M. (2000) 'Recasting European Welfare States' and 'Building a Sustainable Welfare State', West European Politics, vol. 23, no 2, pp. 1-10, 257-82.
- Hall, P. (1993), "Policy paradigms, Social Learning and the State: The case of economic policymaking in Britain", Comparative Politics, April 1993, p. 275-276.
- Huber, E and Stephens, J (2001) Development and Crisis of the Welfare State, Chicago University Press, Chicago.
- Jessop, R (2002) The Future of the Capitalist State, Polity Press, Cambridge.
- Levy, J. (1999) 'Vice into virtue? Progressive Politics of Welfare reform in Continental Europe', Politics and Society, 27, pp.239-273.
- Lijphart, A. (1999) Patterns of Democracy: Government Forms and Performance in 36 Countries New Haven and London, Yale University Press.
- McNamara, K (1998) The Currency of Ideas, Cornell University Press, Ithaca.

Scharpf, F, and Schmidt V. (2002, eds.), Welfare and Work in the Open Economy: Diverse Responses to Common Challenges, Oxford: University Press.

Pierson, P. (ed., 2001) The New Politics of the Welfare State, Oxford University Press, Oxford.

Timonen, V. (2004) 'New Risks – are they still new for the Nordic welfare states?' in Taylor-Gooby (ed) New Risks, New Welfare, Oxford University Press, Oxford.

2. Background and Objectives

2.1 Conceptual Background

General agreement was reached by the end of the 1990s among welfare state scholars on the trajectory of welfare state policy-making: after a ‘golden age’ of sustained welfare state growth during the *trente glorieuses*, welfare politics had entered a more turbulent period in which the pressures on welfare policy as currently pursued had grown stringent, so that the future of welfare states had entered a period of uncertainty. The *State of the Art* paper (Taylor-Gooby with Daguerre, 2001) provides a broad literature review. This traces the development of political economy and political sociology approaches in comparative analysis. It also provided a detailed review of the pressures identified by different writers.

At the theoretical level, the review identified two broad approaches as important in relation to policy making: those which argued that the power resources (economic, social and institutional capacity to exert political influence) of various policy actors were the key variables in determining developments (Korpi, 1987; 1983) and those which point more to the significance of the ideas held by policy actors in enabling the transfer of ideas, facilitating coalitions and legitimating changes (Schmidt, 2002). In terms of categorisation of welfare states, the *regime* theory developed by Esping-Andersen and others (Lewis 1993; Orloff 1993; Ferrera 1996) is important in enabling general groupings of welfare states with stable characteristics over time to be identified. In terms of welfare state politics, the distinctions between majoritarian and consensus-oriented and, allied to that, centralised and decentralised *politics* developed by Lijphart (1984; 1999) were valuable.

The review of the literature on the pressures on welfare states identified changes that may be loosely grouped under seven headings: globalisation and economic relations; endogenous changes; family and household change; changes in the position of women; labour market changes; political and social changes; and the development of trans-national political institutions, notably the EU.

The main conclusions of the paper were as follows:

1. Despite considerable pressures from a range of directions, European welfare states have proved remarkably resilient. Economic and fiscal globalisation constrained governments’ capacity to pursue the neo-Keynesian interventionist policies of the 1960s and 1970s, but did not prevent them from achieving welfare goals (for example, Scharpf and Schmidt, 2001). State spending continues to expand, although more slowly in the most developed welfare states. There is thus some convergence between lower and higher spending countries (see table 2.1).
2. An important distinction between the different welfare state regimes in their responses to current pressures emerged (Esping-Andersen, 1999; Ferrera and Rhodes, 2001; Kuhnle, 2000). This is probably best summed up in Pierson’s magisterial *New Politics of the Welfare State* (2001). Following Scharpf and Schmidt, he argues that globalisation is not in itself of major significance: it doesn’t undermine the viability of the welfare state, but simply affects the way in which it operates. The real challenges result from endogenous developments, such as population ageing, pressures on mature welfare states and the secular trend to declining productivity growth that reduces the capacity to finance popular but

costly welfare programmes. The irresistible forces playing upon unmoveable objects (the welfare states) are in fact domestic forces; globalisation renders painful processes of adjustment less avoidable and at the same time more painful, but, had globalisation not taken place, unpopular welfare state adaptation in an era of permanent austerity would still have been necessary.

3. Three distinct processes are identified (Pierson, 2001 pp.419-28): **recommodification** (the imposition of greater market discipline through welfare policies such as workfare); **cost containment** (policies to retrench spending) and **recalibration** ('reforms to make the welfare state more consistent with contemporary goals and demands for social provision' - p.425). The last-named involves both **rationalising** existing provision, perhaps through internal markets and the **updating** of services to meet emerging needs, most importantly the care needs of increasing numbers of very old people and the needs associated with the family-labour market interface in countries which did not previously have well-developed child care services and relevant employment rights.
4. Policy developments vary both by policy domain and by regime. Labour market reform is mainly recommodification (as advocated by the OECD 'jobs plan' and in workfare and similar strategies) and recalibration to do mainly with the shift to more women-friendly employment. In health and social care the keynote is cost-containment (through budget limits, internal markets and similar strategies, plus some recalibration (to link social insurance pensions to the interrupted patterns of employment, or establish stronger public health programmes). Family policy reforms mainly involve updating to meet the new needs of changes in family life.
5. In relation to regimes, reforms in the social democratic Nordic countries mainly involve cost-containment, with relatively little recalibration and recommodification (see table 2.2, although there is noticeably more means-testing for groups such as young unemployed people), because they are already highly sophisticated and have adapted to needs that are only now being addressed elsewhere (p.440).

In relation to the continental corporatist group, Pierson concurs with other commentators that the political conflicts surrounding reform are strongest and the reform process most protracted (p.446). The conflicts between insider and outsider interests are real but more complex than the traditional political economy approach allows, because of the social relationships of the two groups. Reforms typically involve cost-containment in social insurance and the expansion of employment opportunities in relatively low-paid service sector work through recommodification and, at times, updating. The way forward is through the emergence of coalitions of political forces that can transcend the insider/outsider opposition and this has been achieved by the development of new centre or *neue mitte* political groupings. The most successful countries are Austria and the Netherlands; Italy finds itself in an intermediary position while France and Germany until recently were pictured as typically 'frozen landscapes' (Palier, 2000, 2001).

Reforms in the liberal group are again characterised by recommodification and cost-containment (Pierson, 2001, p.432), in an analysis which perhaps does not do justice to attempts to introduce recalibration/updating through new employment rights and training programmes in third-way liberal countries such as the UK,

although few commentators see this as a decisive break with the liberal tradition (but see Hills et al, 2002). Reforms have been aided by the first-past-the-post electoral system which gives the opportunity for governments with strong parliamentary majorities to introduce radical change, in the context of traditionally weak support for state welfare and weak union movements. It might also be added that arguments for the expansion of welfare are grounded in claims that a better educated and supported workforce will be even more flexible at a level of higher value-added output, and thus sustain competitive performance. Thus reform is at the same times more rapid and less strongly opposed than elsewhere in Europe.

6. The overall point is that reform processes vary by country. They tend to be slow and uneven, but the general direction across Europe is towards recommodification, retrenchment and rationalising recalibration, with some updating recalibration: 'while reform agendas vary quite substantially across regime types, all of them place a priority on cost containment. This shared emphasis reflects the onset of permanent austerity...the control of public expenditure is a central, if not dominant consideration...the contemporary climate remains a harsh one for efforts to improve social provision...or to address newly recognized risks' (2001, p 456)

These considerations guided our original approach to the research, which pursued case-studies in a number of policy areas and at the EU level, and across countries chosen to represent different regime type and polity, and extended interviews with policy actors to explore their understanding of policy reform. As our research developed, two further conceptual issues became prominent.

First, our analysis of welfare reform processes in the various countries and of the arguments developed by various policy actors led us to view the account summarised in Pierson's work as tending to over-stress the importance of recommodification, retrenchment and rationalising updating. These are all processes whereby traditional welfare state policies are constrained in view of economic, demographic and social pressures. The analysis pays limited attention to more positive developments in welfare states. Drawing on work by Bonoli (2001, 2003, 2004), Esping-Andersen (1999) and Jessop (2002), we developed our analysis of the distinction between retrenchment and modernisation in policy reform in terms of new and old social risks. Secondly, interest in the role of the EU led us to consider the role of ideas in policy development more fully (Schmidt 2002). These two themes formed the basis of our main joint publications (Taylor-Gooby, 2004 and 2005) and are discussed in more detail below.

2.1.1 New and Old Social Risks

The development of European welfare states in the 1950s, 1960s and 1970s took place under highly favourable circumstances, aided by four key factors: a 'golden age' of relatively continuous growth in economies characterised by large stable manufacturing sectors which provided high levels of family-wage employment for the mass of the population; stable nuclear family structures which supplied care for young children, frail older people and other dependent groups; governments able to manage their national economies through broadly neo-Keynesian policies which achieved continuing low unemployment and secure wages; and political systems in which coalitions of working and middle class groups were able to press effectively for

the provision of benefits and services to meet their needs and in which the tax consequences of such provision could be legitimated. These circumstances favoured the development of a family of European welfare states characterised by a specific division between the appropriate spheres of public and private action.

As an ideal type, the main business of the welfare state in industrial society was to provide for needs which were not adequately met through the market - interruption of income (retirement, unemployment, sickness or disability) and mismatch between income and need during the life-cycle (for example, child endowment) - or for needs where state provision was widely recognised as desirable (for example highly-valued services in areas where the costs of privately checking professional expertise are high, such as health care or education). Social care, however, was mostly provided through the family system. Interventions in the family were limited and the corresponding services weakly developed in most countries. The outcome was the Keynes-Beveridge or Keynes-Bismarck welfare state: governments managed economies to promote full employment and organised social provision for needs which market and family did not meet.

Things have changed. In an ideal typical post-industrial society, economic growth rates are lower and more uncertain. Technological developments mean that stable employment in the manufacturing sector is no longer available on a mass scale, with implications for the job-security of semi- and un-skilled workers and for class structure and the political interests associated with it. Stricter competition promoted by economic globalisation has advanced labour market flexibility. The fact that women have succeeded in gaining greater advancement in education and in employment and are continuing to press for more equal opportunities means that traditional unwaged social care based on a gender division of labour imposes strains on the family (EU 2000; Daly, 2000, p.490). These changes create new social risks and a new reform agenda for the welfare state, alongside the existing policies to manage continuing old social risks.

2.1.2 Definition of New Social Risks

New social risks concern vulnerability to particular needs that many people now face in the course of their lives as a result of the economic and social changes associated with the transition towards a post-industrial society. Four processes are of importance:

First, women have moved into paid work in large numbers, while the proportion of men who are economically active is falling. Men's labour force participation in EU countries fell from 89 per cent in 1970 to 78 per cent by 2001, while women's participation rose from 45 to 61 per cent (OECD 2001b, 2002a). One powerful driver is the importance of two earners to maintain a satisfactory family income. Another is the increasing demand from women for greater equality in access to education and to independent employment. Analysis of Luxembourg Income Study data shows that new social risks emerge most acutely for lower skilled women who find most difficulty in balancing work and family, especially in conservative and Mediterranean countries (Cantillon et al, 2001, p.447).

Secondly, the increase in the absolute and relative numbers of elderly people has implications for social care as well as for the cost of traditional welfare state pensions and health services. The ratio of those over 65 to the population of working age in Europe is projected to rise by 73 per cent between 2000 and 2030 (OECD, 2001b, p.

27). Most domestic care is still provided by women. Just over twice as many women as men spend time on care tasks for children and older dependants; women of family age (20 to 49 years old) who have care responsibilities for children spend about 46 hours a week on them compared to 22 hours for comparable men. Corresponding figures for those aged 50-64 who care for older dependants are 22 and 16 hours respectively (Eurostat, 2002, Tables A17 and A19). Traditional patterns of care impose stresses on women seeking paid work and generate a demand for provision from alternative sources - men, the private sector and the state.

Care responsibilities also impact on employment and on incomes. Data from the 1998 ECHP show that, for couple households with dependent children, 90 per cent of men of prime working age (20-49) are in employment compared with only 57 per cent of women. When we turn to older couple households with care responsibilities for dependent older people, employment rates fall to 47 per cent for men and 29 per cent for women - the same two-thirds ratio of women to men (Eurostat 2002 Table A.21). The impact of care responsibilities on women's employment in turn affects the risk of family poverty. The Luxembourg Income Study data show that poverty rates for couple households in the EU where only one partner is in paid work are between three and six times higher than those where both work and here the effect is most marked in liberal countries with weaker benefit systems (Esping-Andersen, 2002, Table 2.5).

Thirdly, labour markets changes (to do primarily with technical developments in production, which have reduced the proportion of unskilled manual jobs in industry, and secondarily with the growth in scale and intensity of cross-national competition, which allows countries with lower pay levels to use their comparative advantage to attract mobile work) have tightened the link between education and employment. This in turn affects the risk of social exclusion among those with poor education. Those with a minimum level of education are about two and a half times more likely to be unemployed and nearly five times more likely to be in long-term poverty compared with those who have attended university (OECD, 2002, Table D; Eurostat 2000, Table 2 and 3). Education and skill levels are also linked to progress in work and in quality of working life. The Employment in Europe survey in 1996 showed that 47 per cent of employees had experienced a significant increase in the skill level of their job in the last five years, and virtually none a decrease. Skill increases are much more likely higher up the occupational ladder and the lower skilled more likely to anticipate insecurity and unemployment (Gallie, 2002, pp. 113-8).

The *fourth* change lies in the expansion of private services resulting primarily from attempts to constrain state spending to meet the pressures on the old risk welfare state listed in the first paragraph. While privatisation is not in itself a risk, it can generate new risks when citizen-consumers commit themselves to unsatisfactory choices, and when regulation of standards in private provision is ineffective. The shift towards the private sector has been most marked in responses to the pressures on state pensions. A number of countries are also providing benefits which widen access to private provision as part of their care strategy for children and frail older people.

The UK, which already has the most extensive private pensions system, has gone furthest, by radically weakening the state second-pillar pension and developing private alternatives. The Netherlands also has extensive second pillar private provision. Other European countries are pursuing private pensions as supplements to state pensions. Germany provides subsidies and strong encouragement, Sweden requires workers to invest in complementary private pensions and Switzerland has well-established compulsory occupational pensions. In France, long-term tax-

subsidised savings schemes are being established. The OECD concludes that the strengthening of private pensions is the most important trend in the current reform of pension systems (OECD, 2000, p. 46). Promoting the growth of occupational and private pensions is a major element in the EU's strategy for modernising social protection (EU, 2002, p.38). The UK private pension scandals are well known. While problems on a similar scale have not emerged elsewhere, successful regulation of new private services is essential to avoid escalating risks for more vulnerable groups (Esping-Andersen, 2002, pp. 16-17).

This brief review of the way in which changes associated with the post-industrial transition affect people's lives indicates that more vulnerable groups are likely to experience new needs in three areas:

In relation to changes in the family and gender roles:

- Balancing paid work and family responsibilities, especially childcare.
- Being called on for care for a frail elderly relative, or becoming frail and lacking family support.

In relation to labour market changes:

- Lacking the skills necessary to gain access to an adequately paid and secure job.
- Having skills and training that become obsolete and being unable to upgrade them through life-long learning.

In relation to welfare state change:

- Using private provision that supplies an insecure or inadequate pension or unsatisfactory services.

The processes through which new social risks emerge vary from country to country. It should be stressed that Nordic countries in general have the most advanced recognition and the most developed policies to address these needs (Timonen, 2004).

2.1.3 Relevance to the Research

The distinction between new and old social risks develops the distinction between retrenchment and modernisation in relation to the politics of welfare state reform at both individual and government level. It shows how in addition to the welfare state politics of austerity developed for example in Pierson's analysis, a second, more positive, reform agenda is emerging in the context of the transition to post-industrialism. From the individual perspective, these changes emerge as 'new social risks', concerned with access to employment and opportunities in work, and with managing the conflicting pressures of family life, social care, paid work and career. From the welfare state perspective they present a shift in political economy which results in new constraints on and new opportunities for government and pressures to develop new policies to manage and meet them.

2.1.3.1 The Individual Level

The emergence of new risks has had a substantial impact on the range of people's social needs. Although circumstances vary between countries, the new risks share four characteristics from the perspective of the individual citizen:

1. Successfully managing new risks is increasingly important, particularly for the more vulnerable groups, since the risks themselves affect more people and because failure to cope with them successfully can have substantial implications for poverty, inequality and future life chances. An exception is elder care, since most carers are middle-aged or older.
2. New risks tend to affect people at younger stages of their lives than do old social risks, since they are mainly to do with entering the labour market and establishing a position within it, and with care responsibilities, primarily at the stage of family building, rather than with health care needs or retirement pensions. New risks in relation to long-term care and pension reform may become more significant in the future.
3. For those groups who successfully manage the transition into paid employment or develop strategies to meet care needs, new social risks cease to be so pressing. They represent more serious problems for minorities - those without access to adequate training or education, or who are unable to draw on child or elder care from the family or the state. Old social risks, to do with retirement and ill-health, were more likely to form part of the continuing life-experience of the mass working class of industrial society. This has implications for the politics of new social risks.
4. They involve both labour market and family life, and thus extend demand for state intervention into areas of life that had been seen as private from an old risks perspective, redrawing the public/private boundary, and raising normative issues of where in the family the responsibilities for generating income and providing care lie.

New risks are significant but transitory and particular. They open up new issues about the moral assumptions behind welfare state policy-making.

2.1.3.2. The level of government

The new risks generate new constellations of interests, which cross-cut old social risk constituencies in complex ways. They bear particularly on women, on younger workers and on those without relevant skills. One hypothesis is that new cross-class alliances will emerge to pursue welfare state restructuring in a more diffuse 'life-politics' (Giddens, 1994, pp.48-9). Those most affected are typically members of minorities and are intimately linked in families with partners and parents who do not face the pressures directly, which may explain why such groupings are only weakly developed. The reform process is likely to involve groups other than the immediate risk-bearers, and the interests of groups such as employers in relation to childcare may lead policy in particular directions.

Policy-making in the traditional welfare state essentially involved the design and implementation of programmes to meet needs that market incomes did not satisfy. The welfare states that developed operate mainly through horizontal transfer over the life cycle, with some vertical transfer to poor minorities. Such arrangements depend on inter-generational and (to some extent) social solidarity. During the 'golden age' redistribution was relatively painless because the costs of transfers could be mitigated for the immediate losers by growth: higher incomes outweighed rising tax, an option unavailable in an age of 'permanent austerity'. Under current circumstances, the old risk politics of welfare is in large part about the gradual erosion of commitments to continue the expansion of state spending through processes of recommodification, retrenchment, recalibration and rationalisation (Pierson, 2001, p.455). The most important example is the adjustment of pension entitlements as schemes mature through such tactics as the raising of pension ages, increased stringency of payment calculations, a reduction in early retirement and a greater role for the private sector (Bonoli, 2003; Hinrichs, 2001; Myles, 2002).

In this context, the zero-sum game of net tax-payer and net benefit recipient (or rather, those who believe themselves to be net payers and recipients) is particularly intense. This brings factors which inhibit reform to the fore - governments wish to avoid blame for unpopular reforms and interested parties seek to veto or delay change. Differences in institutional structures influence the extent to which these factors operate. An approach which places stress on new risks alongside the old risks of established welfare states must consider a modified agenda of political divisions and social values. From the perspective of government the main differences between new and old risks are:

1. Old risk policies tend to involve financial commitments requiring substantial tax and social insurance contributions. For this reason, and because they involve mainly horizontal redistribution, they tend to require a politics of solidarity, for example through the notion of a 'generational contract', 'risk-pooling' or a state that provides 'cradle-to-grave' care or offers a 'people's home'. Since the overwhelming majority of the population of industrial societies thought they might need the services supplied, such solidarity could be mobilised. Virtually all attitude surveys (see, for example, Kaase and Newton 1996, Ferrera 1993, Svallfors and Taylor-Gooby 1999, ch 1, van Oorschot 2000) concur that pensions, health care and provision for disabled people - the major programmes to meet needs not met through the market - enjoy high legitimacy. Government in the transition to post-industrialism faces the problem of how to justify cut-backs and constraint in these areas while developing new risk services that tend to go to minorities. This involves the tactics of blame avoidance and cumulative change charted by Pierson (1994) and others, and is expressed in the enormous resilience of these services against change.

New risks affect particular sub-groups at particular life stages most keenly. They involve political divisions that do not map easily onto the traditional class and party structures and are likely to involve alliances with other social actors interested in the expansion of the work-force and in enhancing national economic competitiveness. If old social risk welfare was often seen as the outcome of a 'democratic class struggle' (Korpi, 1983), new risk welfare programmes may be obstructed by the interests entrenched by the outcome of that struggle.

2. Old risk policies were designed primarily to support people at stages in their lives when needs were not met through the wage relationship. They thus involve substantial transfer expenditure and may be seen as an economic burden at a time of stringency. New risk policies are often concerned to help more people support themselves through paid work. They may form part of a national strategy to mobilise a greater proportion of the population and to enhance economic competitiveness in a globalised market, and open up particular agendas for business and unions. To the extent that policy focuses on these issues, labour market reform predominates and childcare becomes a more important issue than care for older people. About 42 per cent of women of prime working age (between 20 and 49) are involved in childcare as against 6 per cent in elder care (Eurostat 2002, Table A.17).
3. New risk policies meet needs mainly by encouraging and enabling different choices and behaviour-patterns rather than providing benefits. They are concerned with the engagement of the citizen in paid work and with changes in the pattern of family life. They involve issues of responsibility for providing income and for domestic care that cut across the boundary between public and private spheres. New risk politics directs attention to issues of legitimation and moral values.
4. Because new risks are less likely to involve the entrenched interests, major expenditures and neo-Keynesian apparatus of interventionism that concern national governments and more likely to involve equal access to employment, the balance of family and work and the issues of training and education that concern an open market in labour, the EU is likely to seek a stronger role in this area than it has in relation to old risks. New social risk activity will also enable the EU to intervene directly in citizen's lives and may help to repair the 'democratic deficit' (Richardson, 2001, p xv).

The politics of old social risk policy-making concern the extent to which welfare states are able to resolve the tensions that emerge between different groups when governments seek to retrench or contain spending on highly popular policies. Interest focuses on the extent to which it is possible to construct agreements which allow the interests of labour, business and welfare state service users to be reconciled and to contain the burden of financing provision (Pochet 1999; Rhodes 2001; Hemerijck 2002), and on examples of successful accommodation such as the 'Dutch miracle' (Hemerijk and Visser, 2000).

New risk welfare politics is concerned primarily with mobilising the population to enhance competitiveness and with expanding opportunities and changing behaviour and assumptions about responsibilities. While the mass services of the traditional welfare state generate their own constituency, new social risk cleavages are much more likely to cross-cut existing social divisions. At the same time, new possibilities for employers and for those trade unions which represent workers most affected by new risks to form alliances in response to the shifts in the labour market emerge. An important theoretical concern is with changing modes of economic regulation and social roles in the family. This raises questions of how public policy innovations are legitimated and of how shifts in the approach of policy makers and of business and how alliances to promote new social risk policies between business, unions and political parties are negotiated.

2.2 Ideas and Policy Paradigms

The project had initially developed interest in the role of ideas in order to facilitate understanding of policy transfer and learning. Thus the concern was to trace the ideas underlying particular policy innovations or continuities in order to identify sources and lines of influence. Development of the notion of modernisation in terms of new social risks expanded this interest in two directions – identifying the framework of ideas in which the objectives of policy are set, and analysing how policies are understood within the discourse of different actors.

2.2.1. Goals and Paradigms

First, the distinction between retrenchment and modernisation raised the question of how policy relates to social change, so that it can be identified in terms of modernisation. This produced a need for a clear understanding of what was to count as a new departure in policy. This was supplied through Hall's influential account of policy-making as involving 'three central variables:... The overarching goals that guide public policy;.. the techniques or policy instruments used to attain those goals;.. and the precise setting of those instruments' (1993, p.278). A paradigm is 'an interpretive framework' involving 'the framework of ideas and standards that specify not only the goals of policy and the kind of instruments that can be used to attain them but also the very nature of the problems they are meant to be addressing... a *Gestalt*'. He suggests that 'policy makers customarily work within such a framework' (p.279). Borrowed and developed from Kuhn's influential work on the development of core ideas shared by communities of natural scientists (1970), the notion of policy paradigm is used to sum up the shared core beliefs of a policy community. It includes ideas about the goals of policy; the identification of issues as problematic in relation to those goals; explanations of why problems arise; solutions to identified problems; explanations of why they will meet the problem; and definitions of the appropriate role for government and other actors (Hall, 1993, p.279).

Hall traces policy-making in the UK Treasury in the 1970s and early 1980s, distinguishing between the routinised process of first-order change in the calibration of policy instruments, second order changes which involve the use of different instruments to attain policy goals, and third order changes, which involve a shift in policy goals, in this case from the neo-Keynesian objectives of stable unemployment and growth, to a monetarist concern with control over the money supply (pp.280-284). This approach provides a method for distinguishing between different levels of response to the pressure on welfare states.

Broadly speaking, Keynesian paradigms were dominant in industrial countries for much of the post-war period. These approaches included an account of the workings of political economy and of why a market system might be subject to unevenness and shortfalls in growth through mismatch in the availability of capital and investment opportunities at particular times (leading to depression or inflation), together with a recipe for economic intervention that explained how government could intervene through manipulation of interest and exchange rates in order to stimulate or restrain the economy. In this context, the traditional welfare state was generally legitimated at the economic level as intervention which redistributed to groups with a high propensity to consume, especially at times of demand deficit, and which enabled government to regulate demand through social programmes and social infrastructure projects. Meeting political pressures from the working class and other groups with

pro-social spending interests could thus be reconciled with policies which secured the conditions for continued economic growth.

After the oil crisis of the 1970s, policy-makers in many countries lost confidence in this paradigm as traditional approaches to economic management became more difficult to pursue. The internationalisation of financial markets reduced the capacity to manipulate interest rates and undermined governments' ability to dictate exchange rates; stronger international competition, reinforced by the growing importance of the EU as a free trade zone, influenced the extent to which the return to labour in cash and social wage could be determined in response to internal political demands without regard to developments elsewhere (Scharpf and Schmidt, 2000, ch 1).

Policy-makers sought for new paradigms. The chief response among economists was monetarism, which stresses neo-liberal, anti-inflationary policies rather than employment or growth objectives. The fact that 'Germany's success with a pragmatic version of monetary policy that emphasized a strong and stable currency provided policy-makers with a powerful example to emulate' at the time, ensured that broadly monetarist approaches became the dominant paradigm in policy-making (McNamara 1998, p.6). Monetarism enjoins governments to pursue the welfare of citizens by reducing economic intervention and containing inflationary pressures by manipulating the money supply as the primary tool of economic management, rather than working directly on the level of demand. Throughout Europe, political economic paradigms were increasingly influenced by the assumption that the objectives of the welfare state are best advanced by ensuring that the market works efficiently, rather than through interventions which expanded the provision of benefits and services. Such an approach is implicit in the priority given to low inflation, low budgetary deficits and low public debt in the Maastricht treaty criteria for membership of EMU. As a recent President of the European Central Bank put it:

'Greater flexibility in labour, product and financial markets together with sound fiscal positions and wage moderation will support the objective of maintaining price stability and will create stable conditions to foster employment creation. Such an interaction of policies ... is the best possible way to enhance the long-term welfare of the citizens of the Euro area' (Duisenberg, 2002).

It is also reflected in the original guidelines for the European Employment Strategy, in which the four sections deal with increasing employability, developing entrepreneurship, encouraging adaptability and strengthening equal opportunities policies (EU 1998, Annex), rather than reflation, job-creation and passive benefits.

From this perspective new social risks, which direct policy-makers' attention to labour market change and issues surrounding women's greater involvement in paid work, offer opportunities which may fit the developing paradigms of social policy-makers more closely than the high tax/high service spending approach of the industrial society welfare state. The paradigm shift in economic policy plays an important role in the legitimization of new developments in social policy.

2.2.2. Paradigm Shifts and Policy Discourses

Secondly, once responses to new social risks are understood as involving paradigm shifts from a passive to a more active approach to policy, and the relevant

actors (either new social risk bearers, or governments or EU agencies who seek to promote policy innovations against the power-resources of entrenched social actors) are seen to experience difficulties in establishing the paradigms they prefer, more detailed accounts of the role of paradigms and of ideas in policy more generally are needed. The issue of how new paradigms are legitimated becomes important. Schmidt has addressed this issue through the notion of policy discourse.

Discourse is defined as 'whatever policy actors say to one another and to the public ...to generate and legitimise a policy programme' (2002, p.210). Paradigms are constructed through discourse, which links together cognitive and normative elements (p.214). Discourse also has an important communicative function in assisting the construction of coalitions and mobilising power resources. Schmidt goes on to argue that communication is influenced by institutional framework. In majoritarian countries discourse is more likely to be concerned with communication to mass publics and other policy actors in order to secure the assent of the electorate to the policies produced by government. In more consensual political frameworks, discourse plays a much greater role in the process of compromise and negotiation (p. 223). Thus paradigm construction and paradigm shifts take place through discourse, and nationally available discourses limit and shape developments in paradigms.

Discourse links normative and cognitive elements in a more flexible way than previous approaches to the framing of policy, since the link is based on what happens to work and is accepted in a particular national context, rather than on rationalised links within a paradigm linked to a particular theory. In policy-making contexts economic theories are typically most influential. A national discourse may contain a broad repertoire of available linkages, so that policy actors have room for manoeuvre, and can pursue their objectives with greater or less success. There is also space for more evolutionary developments with a recasting of evidence and opportunities for re-interpreting or reprioritising particular facts. 'Policy change may often look more like Latakos' picture of overlapping research programmes, which are to some extent commensurate ... as they vie for recognition and acceptance. Hence, although there is still likely to be one dominant policy programme in a given arena, there may be other minority discourse is waiting in the wings, proposing alternative policy programmes and appealing to alternative sets of values in the polity, hoping one-day to become dominant' (Schmidt, 2002, p. 223-4).

These considerations led the project to develop its methodology to include material which enabled it to distinguish responses to new social risks and to analyse the role of discourse in policy-making.

3. Scientific Description: Project Results and Methodology

3.1 Research Methods

Our initial approach stressed the importance of welfare state regime and polity framework in setting the context in which policy-making takes place. The complexity and range of relevant issues identified in the state of the art paper indicated a classic problem of too many variables and too few cases among European welfare states. The research proceeded by case-study, reinforced by analysis of cross-national datasets and surveys. The project gathered data in three areas and has made this available through the deliverables, its website and various publications (see www.kent.ac.uk/wramsoc for more details). The three kinds of data were:

- Background papers on welfare reforms during the past 15 years in the policy areas in the countries and at the EU level
- Papers on the main pressures on welfare states identified in the literature review.
- Interviews with key policy actors at national and EU level.

This material was exchanged between the projects and discussed at the various project conferences. Material from international datasets (particularly the OECD labour market reports and database of welfare state spending and the EC's ESSPROS dataset) and from surveys (especially Eurobarometer and ISSP) was also examined. The analysis is published in two volumes: *New Risks, New Welfare* (Oxford University Press, 2004), which deals with the work on the significance of new social risks, and *Ideas and Welfare State Reform in Europe* (Palgrave, 2005), which examines paradigm shifts and the role of discourse in welfare state policy-making, and in the other journal articles, chapters and conference presentations listed in Section 7.

3.1.1 Choice of states

The states chosen for detailed study reflected interest in regime and polity. They included examples of the Nordic citizenship regime (Finland and Sweden) with their inclusive support for women as citizen-workers and their established activation policies; corporatist states with more (France) or less (Germany and Switzerland) overt commitment to women's labour market participation and traditions of job subsidy and early retirement, with recent expansion of activation policies; a liberal system, where government pursues care needs mainly by promoting private provision and workforce mobilisation through incentives and negative activation (the UK); and a Mediterranean state with strong family engagement and lower state support for women's employment and a de-regulatory approach to employment issues (Spain). In addition we consider the influence of the EU, a highly consensual supra-state body with particular concerns about legitimacy and discourse, and a mixture of liberal economic and more generous social policies. The sample includes the three largest economies in Europe (France, Germany, UK), the largest Nordic member (Sweden) and a major Mediterranean state (Spain). Switzerland is also included because it illustrates the issues surrounding the evolution of consensus in new social risk policy-making in the most highly consociational institutional context in Europe.

3.1.2 Choice of Policy Areas

In order to cover both new and old social risks, we chose seven policy areas for detailed analysis: pension reform, long-term care, provision for unemployed people, women's labour market participation, policies for low-paid people, the impact of the EU on national policy and the way in which welfare is financed. In practice issues in the last two areas were subsumed into the policy-areas through discussion of the finance of particular policies. These policy areas were chosen because all were areas in which substantial debate had taken place in recent years and in which new policy-making initiatives had been pursued in all the countries under review. In addition, they included areas of high spending (pensions) and rather lower spending (social care), areas where there are large and well organised constituencies, and in which political actors such as the social partners have played a major role (provision for the unemployed and low-paid, pensions) and those in which these actors have been less important (care), areas of predominantly direct intervention and of regulation, or cash benefits and services in kind, of social insurance as opposed to tax-financed transfer and areas where local rather than central administration has been more important in a number of EU member countries.

3.1.3 Choice of Interviewees

In order to provide a clearer picture of policy discourse, we identified primary and secondary actors, and chose individuals for interview among both groups. Primary actors are those directly involved in policy-making: political parties, social partners, civil servants and private providers of services (NGOs and commercial providers). In some countries, particularly Spain, and in some service areas, Germany, regional levels of government are significant, and representatives of these were included in the interviews. Secondary actors are those who comment on and seek to influence the policies that are produced by the primary actors. The importance of different actors varies in different countries. We included: lobbying groups (all organisations seeking to influence policy making such as pressure groups, voluntary organisation, possibly religious organisations), journalists and the media and think-tanks. In all, between 40 and 50 interviews, depending on national circumstances were planned for each country. Corresponding actors were also interviewed at the EU level.

3.1.4 The Interview Schedule

A formal interview schedule is inappropriate for meetings with senior policy actors and the interview methods varied in the different national settings. We agreed a topic list for the interviews. This included the problems that different policy reforms were designed to tackle, the understanding of those problems in terms of the causal factors that lay behind them, and questions designed to elicit the basic values that underlay the policy. The interview material allowed us to construct the paradigms underlying reform and to identify substantial policy shifts. They also enabled us to analyse the extent to which given policies are to be understood in terms of goals of retrenchment or modernisation.

The schedule also included a section on policy influences, designed to identify the key actors in relation to any policy area and the sources and mechanisms of policy

learning and policy transfer, and a section which included material related to differences in regime type and polity.

3.2 Findings

The analysis of this material led to significant findings in the two main areas of new social risks and ideas and policy paradigms. These were published in the two project books and in the papers listed in Section 7. This section draws heavily on that work.

3.2.1 New Social Risks

We have argued that the social changes associated with the post-industrial transition increase the exposure of some groups to new needs. These give rise to the new social risks identified earlier, associated primarily with family and labour market changes and welfare state reform. In this section we consider how new social risk issues are best understood in terms of the evolution of European welfare states and in terms of the political processes that will shape future patterns of welfare state development. In the former area we will discuss issues of convergence and path dependency, of whether the instruments used to meet new social risks are qualitatively different from those used to tackle old social risks and of the goals and processes of welfare state policy-making; the key question is whether new social risks contribute to a new paradigm of policy-making, or whether new social risk policies are best understood as following the existing pattern of differentiation by welfare state regime.

3.2.1.1 The emergence of new social risks and responses to them

Regime categories offer a convenient framework for summarising old social risk policies. We show that regimes shape the emergence of new social risks, but in many cases policy responses involve new departures. These indicate possibilities for a 'new politics' of welfare. New social risk policies do not restructure the pattern of regime differences. They are insufficiently substantial in public spending terms, accounting for less than three per cent of GDP across the EU (Table 4.1). Even in France, the evolution of the targeted 'second world of welfare' has resulted in an increase in the proportion of social benefits administered through means-test from 10.9 to only 11.5 per cent between 1991 and 2000 (Eurostat, 2003a). The impact of reforms on citizens' lives is limited, being focused primarily on transitions into paid work or specific phases in the family life-cycle. However new risk policy-making does reveal opportunities for welfare state dynamism and innovation even in those areas where immobility and austerity pressures seem strongest.

Following recent discussion of regimes (summarised in Jaeger and Kvist, 2003, pp. 555-7) we also distinguish Mediterranean welfare states. These have developed rapidly, with universal health care systems and social insurance pensions, but are much weaker in the family benefits and provision for those on low incomes (EU, 2002, Chart 15). They also tend to rely on family-based informal care, and are hampered in some areas by the slow development of administrative capacity (Matsanganis et al, 2003, pp. 643-4).

The EU has taken a strong interest in the area of new social risks and is likely to become more influential in the future. Its approach to welfare does not fit neatly into the traditional regime framework and its authority is limited. 'Open market' policies,

reinforced through legal and financial sanctions, dominate EU policy at the economic level and exert a real indirect influence on national welfare systems (Leibfried and Pierson, 2000, p.269). The EU's attempts to construct a 'social dimension' on a similar scale to its economic policies through the rapprochement of national systems were unsuccessful. Overt engagement with social provision is now chiefly through the more circumspect 'open method of co-ordination' (OMC). The strongest element in OMC has been the employment strategy, with its commitment both to broadly market-centred goals of greater flexibility, and to a more progressive vision of expanding opportunity through investment in human capital. This is paralleled in the social inclusion and education strategies and the mainstreaming of equal opportunity policies for women which bear in practice on work, education and training (Geyer, 2001, chs. 5 and 7, Leibfried and Pierson, 2000, p. 271). As an embryonic welfare system, the EU's approach appears to reflect some features of the market-oriented liberal regime, but also to include commitments to intervention intended to promote more universal access to the benefits of market-led growth, within a modernising paradigm.

The regime framework groups welfare states on the basis of the policy frameworks developed to meet old social risks. How well do the emergence of new social risks and the policy responses fit within these categories? The experience of the representative countries included in this book indicates that both processes correspond loosely to regime categories (in other words, old social risk regimes condition the emergence of new social risks regimes), but that there are also substantial areas where the traditional regime categorisation is less helpful. Continuing conflicts over new social risk issues indicate possible future directions for reform in labour market activation and in child and elder care policies. These conflicts are most marked in corporatist and Mediterranean countries, where new risk innovations imply the strongest challenges to the old social risks regime and where policy-making typically requires the lengthy negotiation of compromise.

3.2.1.2 Nordic countries¹

Nordic countries have established traditions of social service support to enable women to function as citizen-workers, and the two case-studies included - Finland and Sweden - provide good examples. Both spend more than twice the EU average on services for women with children and about three times the average on services for older and disabled people (Table 4.1). The commitment to support for all 'citizen-workers' is reflected in the narrowness of the gap between men's and women's participation in paid work (along with Denmark, the narrowest in the EU) and the fact that, along with other Nordic countries, they comfortably exceed the EU's Stockholm targets (Table 4.2). Both countries also have well-developed schemes for ensuring that those without jobs have access to programmes to enable them to develop new skills and led the EU in Active Labour Market Programmes throughout the 1990s. However, recent cut-backs on spending in these areas (particularly in job subsidies in Sweden) as employment improves, coupled with a greater emphasis on activation policies in corporatist countries, leads to a situation in which activation spending in the latter group now parallels or exceeds that in the former (Table 4.3).

The long-standing tradition of provision to address the issues which have emerged more recently as new risks in other countries generates a rather different structure of

¹ This section draws particularly on work by Virpi Timonen

new social risks in Nordic countries from that elsewhere in Europe. Groups such as immigrants, lone parents, and large families have had to face increasing pressures during the last decade and are less well-served. In addition, recent welfare state reforms that curtailed the main pay-as-you-go financed state pension scheme and established compulsory private funded pensions alongside it, give rise to future possibilities for the emergence of new social risks among those whose private pension component performs badly.

Nordic social welfare systems have been broadly successful in maintaining incomes among those most affected by the recessions of the 1980s and early 1990s, and the consequent rise in unemployment and spending constraint, so that poverty levels remain the lowest in the EU and inequalities the least marked (Table 4.4). New risks in these countries are thus potential rather than actual. As a number of commentators have pointed out (Kuhnle, 2000; Esping-Andersen, 2002, p.17) the main issue confronting the Nordic welfare system is whether it will be possible to maintain the tax and employment rates necessary to sustain it in the face of growing international competition from countries with greater degrees of social inequality and lower spending. This issue also emerges powerfully in internal debates, with some influential private sector figures leading the case for greater flexibility in employment. Thus the emergence of new social risks in this context is shaped by the existing high level of universal and wide-ranging provision which caters effectively for the needs experienced elsewhere in Europe as new risks. Existing policies impose particular pressures on welfare provision and these seem likely to influence the extent to which reforms in the future may lead to the emergence of further areas of new social risks.

3.2.1.3 Corporatist countries²

The study includes the two most important European examples of corporatist welfare states - France and Germany - and also Switzerland, where welfare reflects key features of corporatism, but in some areas achieves provision closely related to employment status through compulsory occupationally-related private insurance, rather than social insurance (Adema, 2000). In these countries old social risks policies have developed around the needs of a male bread-winner industrial working class, and new social risks present substantial challenges. There is one key difference: in relation to the risks surrounding women's access to paid work, France stands out among corporatist countries in terms of the extent to which it has developed extensive pre-schooling and child-care support policies which enable women to maintain a higher degree of commitment to paid work when responsible for young children (Table 4.5). However, women's overall participation in the labour market is close to the EU average and lower than that in most corporatist countries (Table 4.2). One development in the 1980s has been the APE benefit, which pays cash benefits to support women who stay at home to care for their children, leading to what is effectively a dual system. This may be responsible for a decline in recent labour market participation by mothers. The further extension of child-care provision is a major topic of debate. A national scheme of support for elder care has emerged only in the late 1990s.

In general, new social risks in these countries have emerged in ways that are shaped by the existing structure of old risks welfare: the Bismarckian model resulted in

² This section draws particularly on work by Lou Mandin and Bruno Palier (France), Andreas Aust, Frank Bönker and Helmut Wollmann (Germany) and Benoit Gay-des-Coombes and Giuliano Bonoli (Switzerland).

relatively weak provision for child-care in Germany and Switzerland, and provision has expanded only recently. Christian Democrats in Germany have tended to stress the equal worth of paid work in the formal labour market and care work in the home. In 1986 the Kohl government implemented a major reform of parental leave and of other policies which had the effect of promoting part-time working for women. More recently, Social Democratic/Green Party Federal governments have pursued policies which encourage state governments to extend the primary school day and increase provision of child-care, through specific subsidies and more indirect support. The political conflict over mothers-at-home benefits against day-care provision has some similarities to that in France in the 1990s. In Switzerland much provision is cantonal, but very recently federal subsidies have been provided to promote day-care.

In all three countries, in line with an approach to welfare that focuses primarily on the needs of male industrial workers, care for older people tends to be provided informally and supported through local assistance schemes. Both France and Germany enacted national schemes to provide benefits to older people to enable them to pay for care (from relatives or others) in the 1990s - the German scheme was a new pillar of social insurance, the French scheme was tax-financed. Both schemes do not provide sufficient resources to cover full care costs and have been subject to continual debate and reform. Thus the existing policy model shapes the way new social risks have emerged in relation to child and elder care. Recent policy responses have involved substantial change to the system, and are a focus of political conflict.

For labour market policy, the old social risks regime was designed in the context of broadly neo-Keynesian labour market management. Social insurance is shaped round the interests of established industrial workers. There is little opportunity for those who are weakly unionised, who work part-time or are on short-term contracts to present their interests. The response to the pressures on employment in Germany and France through the 1970s and 1980s was to expand early retirement schemes - 'welfare without work' - which defended the interests of labour market insiders by reducing the supply of workers who might compete for their jobs and providing adequate pensions for those no longer needed. This restricted the access of other groups to stable employment and increased the numbers competing for the newly developing areas of work. Those without relevant skills were at high risk of social exclusion. By 1992 over a third of unemployed people in both countries had been without work for more than a year (OECD, 2003b, p.20).

During the 1990s there has been a tendency to cut back early retirement schemes, to promote more limited and flexible work contracts that do not carry the expensive social insurance contribution obligations of established jobs and to develop extensive activation programmes, particularly through training and subsidised employment (OECD, 2003a, Table H). Concern about social insurance contributions in France centred on the issue of how far employment costs damaged the competitiveness of national industry. French social insurance contributions raise 15.2 per cent of state revenue and are the highest in Europe (Table 4.6). They bear particularly heavily on employers, fuelling anxiety among business groups.

In France, the reforms have been part of the process whereby a 'second world of welfare' has developed alongside the social insurance system to meet the needs of groups weakly attached to paid work. This world consists of means-tested support, typically linked to requirements to engage in activities likely to increase employment opportunities. Thus social inclusion spending, almost all of it means-tested, has

increased at just over one and a half times the growth rate of state spending as a whole between 1991 and 2000 (Eurostat, 2003a). A negative income tax (*Prime pour l'Emploi*) has been introduced to enhance work incentives. Insurance unemployment benefits have been reformed to increase pressure to pursue work.

In Germany, the fact that economic growth was the slowest in Europe throughout the 1990s (at 1.3 per cent, roughly two-thirds the European average - OECD, 2003b, p. 14) dominated political debate on labour market reform. Debates about insurance contributions were also coloured by concern about electoral punishment as the gap between gross incomes and take-home pay grew wider. Employee contributions are roughly equivalent to employer contributions and raise 6.5 per cent of total tax revenue, the second highest proportion in Europe (Table 4.6). Reforms have emphasized job subsidies (especially in the context of the dislocations to the labour market resulting from the reunification with the East) and on the promotion of 'mini' and 'midi' jobs to enhance labour market flexibility. A particular concern was long-term unemployment - highest in Europe after Italy and Spain (Table 9.1), and continuing to rise to 48 per cent of all unemployed by 2002 (OECD, 2003b, p. 20). The 1998 Red/Green government initially reacted against the more liberal measures of the previous government, but by 2002 was implementing tougher entitlement criteria, stricter activation measures and introducing a new more directive means-tested benefit for the long-term unemployed.

While unemployment in Switzerland has remained relatively low by European standards, the levels reached in the mid-1990s (5.7 per cent by 1997) were sufficiently high to generate intense policy debate. Social contributions are much lower than in other corporatist countries, since so much of pensions and health care is financed through occupational insurance. However, increased claims jeopardised the finances of the schemes. The legislative response in 1995 incorporated both increased contributions and time limits on entitlement (to restore financial stability) and subsidies for cantonal activation programmes. This enabled a compromise between the programmes of right and left parties and the interests of employers and unions to be achieved, in keeping with the consociational basis of Swiss policy-making.

The impact of welfare reforms in creating further risks has applied mainly to pension restructuring in France and Germany and to those whose access to unemployment benefits is curtailed and who are required to enter negative activation programmes. In both France and Germany, changes to the well-established, expensive and potentially costly pension systems have involved a number of legislative measures and protracted political conflicts in a policy area previously marked by consensus. Both countries have enacted reforms which change entitlement formulae and contribution requirements to contain future costs. In Germany, a small optional private funded pension has been established alongside the state scheme, but this has attracted relatively few savers. In France the expansion of private saving through life insurance and similar vehicles indicates a declining confidence in the capacity of state provision to maintain former standards. The German scheme is highly regulated and there is considerable debate about the extent to which the restrictions limit returns and deter investors.

Old social risks policies clearly play an important role in regulating the emergence of new social risks in corporatist countries in two ways: passively by ensuring that resources are directed to the particular needs of a life-course structured by the traditional industrial labour market (so that policy-makers have been slow to

recognise the new needs of mothers and carers seeking to enter paid work and those unable to access employment); and actively by reinforcing labour market structures and systems of family life which compound the exclusion of such groups. Policy-making has been delayed by struggles between reformers and the entrenched interests surrounding old social risks policies, who typically have access to a range of veto-points in corporatist systems, and is in most places incomplete.

In general, new risk policies in these countries have involved departures from the pattern of old risk policy-making, although there are national differences. Most reforms have been based on tax-financed provision (the exception being the new German long-term care insurance benefit). Most have involved provision directed at particular groups, and the policy departure involved in the construction of a system of targeted support outside the social insurance regime has been particularly significant in France. There have been new departures in policy-making concerning the de-regulation of some aspects of paid work and the re-regulation of private sector care services and pensions. The responses to new social risks do not sit comfortably within the established structure of the corporatist regime.

New social risk policy-making has led to political conflict over welfare and has contributed to the break-down of the inter-party consensus on social policy in Germany during the 1990s. Conflict continues in both France and Germany, centred on labour market and pension reform but also involving provision for long-term care.

3.2.3.4 Liberal countries³

The UK is the foremost example of the liberal regime in Europe. Here new social risks needs were largely neglected by the self-consciously monetarist Conservative governments in the 1980s and 1990s, on the assumption that a freer and more flexible labour market would absorb those at high risk of unemployment, and that child-care could also be managed primarily through the market. However, policies to meet such needs formed a major part of the New Labour programme from 1997 onwards. The New Labour approach followed the central theme of the Liberal model: highly targeted provision, directed at the enhancement of market success. It involved new departures in the UK context (substantial extension of policy intervention in areas which had previously been treated as largely private concerns and enhanced regulation of the private sector) and was linked to a modernised social democratic agenda of the promotion of citizen interest through equal opportunities and supportive provision.

New social risks in the UK have emerged in ways influenced by the existing welfare system and particularly by the weaknesses in provision that result from reliance on the market. Child-care provision had been limited and largely privately-provided, so that, while female employment is relatively high (Table 9.1), mothers are much less likely to engage in paid work than elsewhere, or to move from full-time to part-time employment (Table 1.2). The shift away from traditional industrial bread-winner employment was more rapid than in most other European countries. The proportion of the labour force employed in the industrial sector in the UK fell from fourth highest in the EU after Germany, Spain and Italy in 1991 to fifth from the bottom (exceeded by France, Sweden, the Netherlands and Greece in 2001 - OECD 2003b, p. 16). Privatisation in areas such as pensions opened up potential new social risks among

³ This section draws particularly on work by Trine Larsen, Anne Daguerre and Johannes Kananen

those with low or uncertain incomes. The relatively deregulated labour market combined with weak provision for more vulnerable groups had produced high levels of poverty and inequality (Table 4.4)

The policy response by New Labour was to establish targeted schemes directed at specific need-groups, to promote vigorously a 'make work pay' strategy and to seek to extend the regulation of private provision. The national child-care strategy relies principally on the expansion of private provision, and payments for care are subsidised through targeted tax credits. Direct provision of extra places through Sure Start and similar schemes is focused on areas of high deprivation. Long-term care is also chiefly financed privately with some means-tested state support and provided mainly through regulated private agencies. The New Deal programme is designed to activate unskilled labour market entrants and other groups among the unemployed, and is targeted through means-testing. 'Make work pay' policies include a national minimum wage, set at a relatively low level, the indexation of short-term benefits to prices rather than earnings and targeted support for low-paid people through tax credits. The overall objective is to reduce poverty by mobilising those on low incomes into paid work.

The development of risks as a result of welfare state reform is most obvious in the area of pensions, where the continuing policy of shifting the majority of pension provision to the private sector led to inadequate provision for some groups. The government has found difficulty in establishing a regulatory regime which will both guarantee the security and adequacy of pensions and provide suitable incentives to the industry to supply them. One result of the recent strengthening of regulation and the increased recognition of demographic pressures is that many occupational schemes have closed or been restructured on a 'defined contribution' basis, and employers have taken the opportunity to cut their contributions. The gap between pension savings committed and those necessary to ensure adequate provision is estimated at £27 billion and continues to increase (ABI, 2002, p.2). Incentive policies have failed to encourage employers or individuals to prioritise saving, and government has strengthened targeted provision for the poorest pensioners through a substantial extension of tax credit to this group.

In general, the approach to new social risks of the Liberal regime reflects the key features of the Liberal model - targeting of state help and a reliance on market forces. The New Labour version seeks to use these techniques to achieve ends closer to those of social democratic states, so that its interventions are on a greater scale than is customary in the UK and extend to new areas. Commitment to welfare goals through private market means also highlights issues of control which emerge in the areas of child and elder care and pensions, where it is necessary to regulate private suppliers, and in labour markets where a minimum wage regime has been established. In all these areas conflicts between providers and government have developed. In relation to long-term care, government has been forced to abandon a proposed regulatory standard in order to ensure continuity of provision from the private sector. In pensions, government has been unable to address the problem of introducing compulsion for occupational providers or for individuals in relation to pension savings because this would conflict with the market principle of autonomy, and is thus unable to deal with a substantial and growing pension savings gap.

3.2.1.5 Mediterranean countries⁴

Spanish experience with new social risks typifies many of the issues facing Mediterranean countries. New social risks have emerged most powerfully in relation to high levels of unemployment, especially among young people (over 22 per cent for 15-24 year olds in Spain in 2002 - OECD, 2003b, p.20), and for the long-term unemployed where the rate is the highest in Europe after Italy, Greece and Germany (Table 4.2). They are also beginning to appear in the conflict over reconciling work and family life for women. As the table shows, women's overall employment rate in Mediterranean countries (with the exception of Portugal) is the lowest in Europe, although engagement in full-time work is closer to the European average and higher than in Liberal and some corporatist countries.

Existing old social risk welfare systems are less well-developed than elsewhere in Europe, and have influenced the emergence of new risks through the weakness of provision for those without secure labour market attachment and the dominant assumption that care is provided informally by women. Family solidarity has traditionally sustained more vulnerable members, and help to manage issues of poverty in the absence of robust state support. New social risk policies that deregulate employment have intensified the risks for some groups. Limited access to secure jobs and weak assistance benefits contribute to the highest poverty rates in Europe and highly unequal societies (Table 4.4)

The chief policy direction in relation to the labour market has been the slackening of regulation, most notably through legislation passed in 1994, resulting in the creation of a large number of short-term and part-time jobs. About a third of the Spanish labour force hold short-term contracts. There are targeted benefits for the long-term unemployed, and a regional system of means-tested support (*Rentas Minimias*) has developed through the initiatives of meso-level government.

The main new risks to emerge from reforms to old risk policies concern labour market deregulation. Policies designed to promote flexibility and competitiveness in the context of globalisation and membership of the Single European Market impose new risks on those who become vulnerable to unemployment. The welfare settlement contained in the 1995 Toledo Pact and confirmed in 2003 appears to ensure stability for the medium-term future. However, there are real concerns about the pension prospects of workers with interrupted contribution records on the part of left-wing parties and unions.

Plans to promote more equal opportunities for women have been developed. Child and elder care provision is limited, local and variable. Legislation for modest long-term care provision has been postponed repeatedly since 2000. A new system of tax relief for child-care costs has been introduced. This is of more value to higher-paid workers, and contributes mainly to support for middle-class women, who are most able to afford day-care.

Mediterranean welfare states have not developed extensive new social risk policies. One result is a dramatic decline in fertility, since women are unwilling to balance the roles of informal domestic carer and paid worker and opt increasingly for the later

⁴ This section draws particularly on work by Luis Moreno and Ana Arriba

(Castles, 2003, p 209, Moreno, 2002, p. 6), but this issue is only now entering policy debate.

3.1.2.6 The EU level⁵

Our analysis of the development of EU social policy (Larsen and Taylor-Gooby, 2004, Moreno and Palier, 2004) traced the various attempts to promote a strategic harmonisation through the 1980s and early 1990s, culminating in the Social Policy Green Paper of 1993 (EU 2003). However, the failure of that Green Paper to generate a coherent programme of reform and the later experience of the rejection of the initial budget and subsequent scaling down of the 4th Poverty programme signal the rejection of any attempt to develop a proactive social policy. The EU commitment to the principle of subsidiarity, restated in the Amsterdam Treaty of 1997, means that it is insufficiently interventionist in social policy to influence the emergence of new social risks within the different regimes directly. However, economic and fiscal policies – the Open Market and associated Growth and Stability Pact - have had an indirect influence on social issues. In the former case, industrial restructuring associated with freer European competition impacts on the pressures for greater labour market flexibility and for reduced labour costs at the national level, and contributes to the reforms in the more regulated labour markets of corporatist and Mediterranean countries. The pact imposes additional pressures for spending constraint and these have contributed to policies such as the round of pension reforms that took place across Europe in the early and mid-1990s (Lintner, 2001, p330). Many of the national policies discussed above have been pursued in the shadow of EU economic policy. Enlargement, which will broaden the open market to include more diverse economies, at different stages of development, is likely to increase pressure for economic flexibility, with repercussions for social policy.

An important set of recently developed policies attempts to influence reforms at the national level through targets set in the OMC. This influence is applied at the level of policy outcome, with the choice of measures left to the individual state. The five year impact evaluation of the European Employment Strategy (the most advanced OMC policy) concluded that ‘there have been significant changes in national employment policies, with a clear convergence towards the common EU objectives’, and highlighted activation policies, employment-friendly labour taxation, greater flexibility and improvements in child-care (EU, 2002c, p1). While policies which promote activation, reform tax to reduce labour costs, advance equal opportunities, expand child-care and encouraged the availability of more flexible jobs can be identified in EU Member countries, it is hard to establish how far these developments are the outcome of EU-level activity or of more far-reaching and simultaneous social and economic changes. The report admits that labour market participation is still ‘far below the Lisbon targets’ (EU, 2002b, p.16). The lack of EU-level enforcement mechanisms (as exist in the case of the Broad Guidelines for Economic Policy, EU, Regulation 1466/97, L 209/1) and of subsidies to promote the required changes makes major departures in reform inspired at the EU level unlikely (Chalmers and Lodge, 2003, p.6).

Directives in areas such as parental leave and working time have required national governments to improve the level of provision to a common standard and, perhaps more important, stimulated ‘surprisingly far-reaching effects’ in voluntary reforms

⁵ This section draws particularly on work by Trine Larsen and Anne Daguerre

exceeding the level required (Falkner and Treib, 2003, p 20). In relation to the social insurance central to much of European welfare provision, the European Court of Justice has tended to interpret the relevant directives (1408/71) in such a way that the capacity of national governments to maintain the territorial integrity of their own basic welfare systems, such as first pillar pension schemes is assured (see Ferrera 2004, who quotes Giubboni, 2003). Current discussion of the draft directive (2003/41/EC) on third pillar pension funds indicates a strong commitment to open market principles so that cross-border provision is supported within a common regulatory framework. The legislation contains numerous temporary derogations lobbied for by national governments and specifically excludes national social insurance schemes. Thus an accommodation between market freedom and national welfare systems is achieved. How this will develop in future as national pension schemes experience increasing financial pressures is uncertain.

EU 'soft law' also provides legitimacy resources to national policy actors and acts as a catalyst in the formation of coalitions - for example in relation to assistance in Spain, the introduction of assistance in Portugal and similar developments in other Mediterranean countries (Matsanganis et al, 2003, p. 652) or for pension reform in France (Palier, 2003, p. 5) – and has stimulated policy-learning (O'Connor, 2003, p.12). EU policies thus have real but weak effects on outcomes at the national level. Whether the OMC provides a setting in which more directive policies will be possible in the future is at present unclear. Conversely, it may be argued that 'the open method is a considerable threat to existing policy advance in European integration' on the grounds that the establishing of OMC practice with no enforcement mechanism institutionalises and legitimates national differences (Chalmers and Lodge, 2003, p.15).

3.2.2 Convergence, Path-dependency and a 'New Paradigm'

Two overall conclusions can be drawn from this review: first, existing welfare policies have shaped the emergence of new social risks in various European societies. Thus regime differences, determined in large part by responses to old social risks, are powerful factors in influencing the pattern of new risks that different European countries now recognise. The second conclusion, however, is that the new social risk policies now being developed do not invariably reflect the characteristics of the existing old social risk regime. In Nordic countries, where new risk regimes were established earlier, the risks are in general catered for within the existing settlement. The emerging 'second-stage' new social risks for groups such as migrants may be tackled through extension of those policies. In the Corporatist countries, which make up the majority of European welfare states, new social risk responses indicate new directions in welfare, but reforms are currently incomplete so that the scale of the changes is uncertain.

In cases such as France, this may be understood as the emergence of a parallel 'second world of welfare', means-tested and tax-financed, alongside the social insurance system; in Germany it represents a drift away from the Bismarckian basis of state welfare in the face of pressing labour market issues. In Liberal countries the pattern of previous provision (targeted responses and a reliance on the market) may be identified in new social risk policies, although there is a simultaneous contrary shift to greater regulation. Development of new social risk policy appears limited in Mediterranean countries, in part because strong family systems have so far provided informal child-care and cushioned the high levels of youth unemployment. There are

indications that younger women may not be willing to participate full-time in paid work and act as traditional informal household carers. The moves to deregulate employment are a new direction in the context of the Mediterranean regime.

New social risk reforms are shaped overall by path-dependency, but involve in some contexts new departures. The instruments used to tackle the needs vary. A decline in the contribution of social insurance contributions to the finance of state spending may be noted among the Corporatist countries (particularly in France, which has the greatest reliance on this system of finance in Europe) leading to some convergence, and reflecting the growth of tax-financed welfare among this group (Table 4.6). Labour market controls have been loosened in corporatist countries to assist the creation of jobs with low social contributions, although in the liberal UK the implementation of a minimum wage implies somewhat stronger regulation for the most vulnerable groups. The extent to which the EU's OMC policies and associated 'soft law' have any causal impact on weak convergence is at present unclear. Directives do set standards in labour market related areas, such as equal opportunities and parental rights, and do establish a role of private market welfare provision which has exerted some influence. Most importantly, the EU's economic and fiscal policies influence the resources available for social welfare and reinforce the pressures of economic globalisation on debates about labour market policy, particularly in relation to flexibility and social insurance labour costs. There are thus weak tendencies to convergence in some policy areas evident in the data.

New social risk policies in general apply to fewer citizens for shorter periods in their lives than old social risk policies. They also absorb a much smaller proportion of welfare state spending. They do not amount to a restructuring of the welfare settlement. However they may indicate fresh directions within countries which were seen as immobilised in a 'frozen welfare landscape' (Esping-Andersen, 1996, p.2; Pierson, 1998). The ways in which new social risks have emerged and been recognised have been extensively shaped by the existing policy regimes. Protection of the interests of 'insider' workers in corporatist systems has hampered labour market changes to provide for new and low-skilled entrants; assumptions about family roles limit the expansion of social care facilities; existing liberal commitments to market solutions influence the extension of those solutions in the area of new social risks. However, the emergence and expansion of tax-financed targeted provision within the corporatist model with assumptions about entitlement that stress obligations to prepare for employment rather than contribution record, and the encroachment of social care on family divisions of labour indicate the possibility of a gradual shift towards a different approach to the newly-emerging welfare needs. The EU has a stronger impact on this process through the indirect influence of its economic policies rather than the direct effect of its social policies.

3.2.3 Ideas and Policy Paradigms

In this section we combine the analysis of policy development with that of policy-makers' ideas to chart the emergence of new paradigms in welfare state policy. Drawing on Hall's work, we distinguish three levels or 'orders' of change in policy – first, the recalibration of existing instruments and second the introduction of new instruments within the same over-arching interpretative framework, and thirdly shifts in the framework itself which involves specifying new goals for policy and new procedures for attaining them, typically as a result of a new approach to the problem that policy is intended to address (1993, p. 278). Interest in paradigm shift at the

social policy level is stimulated by a concern to analyse new directions in policy, and in particular the scope for further shifts. This is partly a matter of the actual direction of policy and partly of how those policies are understood by those directly involved in designing and implementing them. An important issue is, of course, the widely-held view that the broad paradigm underlying economic policy has shifted away from neo-Keynesian interventionism and towards a pragmatic monetarism as we suggested earlier (Hall, 1993, pp. 280-284; McNamara, 1998).

The paradigm shift at the economic level comprises three main policy changes.

- First, government's capacity to manage the level of economic activity through manipulation of exchange and interest rates is seen as limited by two processes: the expansion and globalisation of currency markets, which permits speculators to make profits by manipulations which have the effect of destabilising currency values; and the operation of highly competitive international markets in many goods and now services in which shifts in currency values and hence trading prices will cancel the effect of any interest rate policies. Governments are no longer sovereign in their own house in respect of the traditional levers of economic management (Scharpf and Schmidt, 2001, ch 1).
- Secondly, deficit-financed spending is no longer seen as a virtuous engine for stimulating growth and countering unemployment in the downswings of the economic cycle, and the attention of policy-makers switches to methods of increasing flexibility and reducing obstacles to the operation of market forces across labour markets in order to mobilise a competitive work-force.
- Thirdly, in an internationally competitive economy, the cost of social welfare is seen primarily as a 'burden' on the productive sector (especially when highlighted as social insurance contributions bearing directly on wages) and must be justified in terms of its effect of the social policies financed through social spending on competitive advantage, rather than on welfare standards as such.

This paradigm has an important impact on social policies across Europe, and has been a powerful force for retrenchment, recommodification and restructuring to reduce social spending and labour costs and improve workforce flexibility, as Pierson and others have shown (Pierson 2001, Sarfati & Bonoli 2002). It has been associated with the development of a legitimacy language that stresses individual rather than state responsibility for meeting a range of needs and justifies constraint in state activity (Bonoli and Powell, 2002).

At the EU level, the central thrust of European policy-making has been towards the construction of an open market across the continent and the success achieved in this has been far beyond what anyone initially anticipated. At the same time, the comparatively developed economies of Europe have succeeded in constructing European import controls which enable them to sustain internationally uncompetitive areas of activity, most notably high-return farming. The EU involvement in relation to social welfare has involved, as argued earlier, the indirect impact of free market policies and of the Growth and Stability Pact in constraining spending and public borrowing. This has been diluted by the failure to implement penalties for Germany

and France when they contravened the Pact's borrowing limits from 2002, but seems likely to continue in a less strict form.

Direct policies have moved in two main directions. On the one hand a series of directives and associated policies are concerned to establish a level playing field across Europe, with measures designed to safeguard equality of opportunity, health and safety at work and public health, rights of parents in ways that enable them to combine work and family life and social security systems, both work-related and at the assistance level. On the other, the OMC includes as its centrepiece an employment strategy which stresses flexibility through the four initial pillars of the 1997 Luxembourg guidelines (employability, entrepreneurship, adaptability and equal opportunities). Note, however, that these pillars include equal opportunities, and that later versions of the guidelines stressed that: 'member States should aim at [...] modernising social protection and the promotion of social inclusion, while ensuring that work pays, and the long term sustainability of social protection systems is secured' (EC, 2002). At the same time, the 2000 Lisbon conference started a process of establishing targets for labour force mobilisation which fit the model of ensuring the maximum competitive advantage through an active rather than a passive approach to meeting people's needs.

The 2004 draft of new guidelines continues the emphasis on adaptability and promotes 'make work pay' strategies, but also stresses making the work-experience more attractive, and investing in human capital to improve the quality of work (EU 'Strengthening the Implementation of the EES' COM 239, 2004). The EU approach clearly reaches beyond the earlier recommendations of the OECD for policies which promote flexibility through free play of market forces (OECD 1994) and incorporates concerns for job-security and adequate return to workers as well as opportunities for work-life balance. This approach is sometime termed 'flexi-curity' (1997 Guidelines) and tends to endorse positive rather than negative approaches to workforce activation.

The new paradigm in welfare state policy associated with the paradigm shift in economic policy focuses, at the EU level, directly most strongly on the area of employment, and employment-related rights. It promotes greater flexibility and high levels of workforce mobilisation within a framework of reasonable security and in which a level European playing field is guaranteed in relation to certain basic rights and standards. Indirectly, the economic policies tend to constrain spending and ensure that governments are under pressure to direct it towards areas where it contributes to competitiveness.

These approaches relate in different ways to the models currently available within the different regimes. Earlier discussion showed that, broadly speaking, Nordic countries have strong established traditions of positive activation and are seeking to develop policies which manage the pressures on spending while retaining as far as possible the objective of sustaining equal universal citizenship. The corporatist countries face the greatest difficulty in change, because substantial groups, particularly among the social partners are able to use the opportunities provided by veto points to resist reform. The Mediterranean countries pursue greater work force flexibility, but are at the same time expanding spending towards the European average. The liberal UK has gone furthest in developing market centred policies with a targeted role for government, but is encountering problems in meeting EU recommendations for social protection and security. We now move on to consider how far this new paradigm is emerging in current policy paradigms and in the discourse of policy-makers. Our analysis focuses

on two areas, where high quality interview data enabled a detailed analysis which is summarised here: recent transitions in labour market policy in France, Germany, Sweden and the UK, and the development of work-life balance and equal opportunity issues in Germany, Spain, Sweden and the UK.

The two policy areas are both closely related to the European Employment Strategy and its goal of developing an approach which both aids competitiveness and also retains the values to which European welfare states aspire. There are however differences. Employment issues relate to the economic sphere of labour markets and competitiveness; work-life balance is also concerned with the social sphere of domestic relationships and the interface between private and public domains. In relation to employment, apart from the specific targeted regional programmes, EU policies proceed through the encouragement and target-setting of the OMC; in relation to the equal opportunities issues, targets for the proportion of women in paid work are significant, but this approach also rests on directives and ECJ rulings in the general context of gender mainstreaming. The two policy areas allow us to examine the nature and role of policy paradigms across a range of areas central to the current challenges facing European welfare states.

3.2.4 Paradigm Shifts and Employment Policy

Employment is chosen because it is an a policy area where the implications of the shift from broadly Keynesian to a broadly monetarist approach are significant, where reforms have been pursued against opposition across Europe, and where the reforms involve major shifts in the core ideas underlying policy. It is thus suitable for analysis of the contribution of ideas to policy change. France and Germany are chosen as Bismarckian countries where traditional industrial welfare states are firmly entrenched, and where the welfare state has been seen as ‘immobile’. Sweden and the UK offer a contrast – a social democratic country with a majoritarian system of government in which social democrats have an exceptionally well-entrenched position with strong links with unions and NGOs, and a liberal-leaning country with a majoritarian democracy which has enabled rapid reform in recent years. The contrast between the different contexts offers an opportunity to see how paradigm shift is to be understood in terms of national setting. We will trace policy development to see how far the changes correspond to the emergence of new paradigms, and role of discourse and the manoeuvrings of particular actors in promoting or obstructing change.

3.2.4.1 Germany: Labour market policy⁶

German labour market policy has been undergoing reform in relation to goals, instruments and settings since the early 1990s. The response to the increase in unemployment from the mid-1970s was to expand opportunities for early retirement, so that the proportion of men between 60 and 64 who remained in employment fell from 72 per cent in 1972 to 35 per cent by 1993. However, unemployment rose sharply in the early 1980s, then fell back somewhat from 1985, as early retirement policies had an effect, and later as the post-unification boom expanded job opportunities, only to resume the upward trajectory from 1991 to a peak of 13 per cent in 1997. The proportion of social spending directed to unemployment compensation more than doubled between the mid-1980s and 2000 (Table 4.7).

⁶ This section draws heavily on the work of the German team (Andreas Aust, Frank Boenker and Hellmut Wollmann) in carrying out interviews and preparing policy reviews and on Aust (2003).

These changes took place in the context of two other factors - low rates of economic growth (at 1.3 per cent, Germany had the lowest growth rate in the EU during the 1990s, roughly two-thirds the European average - Table 4.8), and the pressures of reunification, with unemployment rising to nearly 20 per cent in the former East by 1999, resulting in large budgetary transfers to the East (approaching 50 million Euro during the 1990s – Bönker, Aust, and Wollmann, 2003, p.26).

The overall response to these pressures was a restructuring of policy for unemployed people. The most important reforms were an integration of unemployment benefit and assistance, and the development of a range of positive and negative activation measures which relied on a ‘make work pay’ strategy and the promotion of self-employment. ‘In general there has been a paradigm shift from the reduction of labour supply (early retirement) and social benefits for unemployed to expansion of labour supply and increased self-responsibility’ as the representative of the Ministry of Labour and Economy (BMWA) put it in interview (August 2003).

The trajectory of reform had been marked by a recognition that the policies of the 1969 Employment Promotion Act (AFG), which assumed that neo-Keynesian macro-economic policies would manage the labour market effectively and that unemployment policy should focus on training and job-guidance, were no longer appropriate. As unemployment rose in the 1980s, the CDU/CSU coalition government expanded early retirement and introduced wage subsidies and measures to promote self-employment. The numbers participating in work programmes and training grew strongly from 13 per cent of those with work in 1982 to 46 per cent by 1992. These policies represented a consensus between the main parties and the social partners in the context of broadly supply-side economic policies designed to enable the expansion of work. Shortly after the agreement of a further ‘solidarity pact’ in 1993, the Kohl government acted unilaterally to cut unemployment benefits, reduce wages for job creation measures and tighten the benefit rules to require all claimers to take any job offered, a shift in policy which marked a transition in the German system from an emphasis on containing the labour supply and providing work to one on incentives and individual responsibility. This was consolidated in the 1997 Employment Promotion Reform Act, seen by some as close to the more explicitly liberal-oriented Clinton workfare reforms in the US or the ‘New Deal’ in the UK (Rabe/Schmid, 1999, p. 26 quoted in Bönker et al, 2003, p.3). The proportion of the unemployed on active measures fell to 21 per cent by 1997, a collapse of job creation even more marked in the East.

The SPD promoted reforms that would give more resources to activation and would defend the public sector provision of jobs, and attempted unsuccessfully to introduce legislation on these lines in 1995. Once the party was in office, with the ousting of finance minister Lafontaine in 1999 who had led the traditionalist wing of the party committed to reversing the Kohl policies, Schröder pursued a different modernising agenda. In relation to the labour market, this was encapsulated in the slogan of *Fordern und Fördern* (carrot and stick) which stressed incentives and individual responsibility. The Red-Green alliance government also committed itself to stabilising job creation measures at the current level and passed a number of positive activation measures to improve job-guidance, support for training and measures to enhance the position of women in paid work in the 2002 Job Activ Act.

The Schröder government had initially established an ‘Alliance for Jobs’ involving employers and unions, in order to explore the refounding of consensus labour market

policies. However, it proved impossible to construct a consensus, especially on proposals presented by academic experts to expand the low-wage sector, and the Alliance was finally wound up in early 2003. The government had already set up the Hartz Commission in 2002, using the pretext of a scandal about the inefficiency of the Federal Labour Office, to develop new ideas for labour market policy. The commission consisted of members appointed by the Chancellor's office, excluding the employers' organisations and trade unions who had failed to reach agreement on the Alliance for Jobs, and produced a wide-ranging and unanimous report. The most important recommendations are: integration of the unemployment and social assistance schemes for unemployed people, an integrated Job Centre system with a related agency to organise temporary work for unemployed people, and measures to promote self-employment and low-waged work.

Some of the less controversial proposals were implemented rapidly, with the addition of some extensions to the proposals for low-waged work supported by the Christian Democrats. The integration of unemployment and social assistance (at the level of social assistance) and the tightening of 'make work pay' arrangements were more controversial and were repackaged as 'Agenda 2010' in a major speech by Schröder in March 2003. Despite strong opposition from unions and the left of the party, most parts of the policy package were agreed upon, with some modifications in the mediating committee between the Federal Council and parliament, in December, after a national campaign that involved four major regional conferences, during which the Chancellor threatened resignation if his policy was not accepted. The loss of credit and increasing difficulties in the party contributed to his decision to resign as party leader in February 2004.

Thus a major overhaul of German labour market policy is in train. There is now much stronger emphasis on activation through 'make work pay' policies, with support from job-guidance and case-management within a single institutional structure, and the assumption that simple regulation of labour supply, combined with passive benefits, is adequate, is no longer widely accepted. The political basis of policy-making has also been restructured, from the broadly consensual basis of developments up to 1993, to a situation in which the party of government seeks to impose a solution within the constraints of the German federal and divided political system.

The CDU/CSU coalition instituted the reforms which restrained spending on job creation and toughened activation in the 1997 Employment Promotion Act. This strategy was effectively adopted by the modernising leadership of the Red/Green alliance after 1998 and extended to policies which integrate unemployment assistance into social assistance and further strengthen the mechanisms for promoting labour market entry through benefit constraint and case management. The success with which government was able to pursue these policies depended in large part on particular opportunities in the German system which enabled progress to be made. In fact the SPD held a veto-position by virtue of its majority in the Federal Council at the time that the EPRA was proposed. However, the government simply eliminated the only measure requiring Federal Council approval (abolition of 'primary unemployment assistance' - available to some uninsured groups) from the legislation so that the possibility of second chamber veto was sidestepped. The benefit was in any case closed down by the SPD in government in 1999.

The SPD-Green Party government from 1998 initially sought to re-establish consensus through the Alliance for Jobs, without much success. The Hartz reforms

which drew on a 'make work pay' philosophy were brought forward in the run-up to the 2002 election, when unions and SPD members found it difficult not to voice support for the Centre-Left government policies. The CDU/CSU opposition were in a difficult position, since the commission comprised experts and even included one CDU member. The government was ultimately forced to make concessions on the expansion of less regulated 'mini-jobs' since the CDU/CSU retained a majority in the Federal Council. The strongest opposition however was to the reforms to assistance and the 'make work pay' package from unions and other actors who traditionally supported the SPD. The representative of the labour market section of the DGB was heavily critical of Agenda 2010 and rejected the argument that the 'make work pay' strategy might support growth: 'I don't see any element which is positive for the economy' (interview August 2003). The Chancellor was forced to mount an extensive campaign to promote the reforms, as described earlier, but succeeded in pushing the next stage of the agenda through. The programme of labour market reform remains incomplete and future developments are uncertain.

This brief discussion indicates that labour market policy in Germany has undergone a paradigm shift. All the policy actors interviewed concurred to different degrees: 'the need to reform labour market policy has become obvious' (CDU interview); 'we have to adjust' (SPD interview); the interview with the BMWA (Ministry of Labour and Economy) referred to 'a paradigm shift' and 'rethinking'; and the DGB claimed 'there has been a fundamental change in the perception of the function of active labour market policy'. In the past, there had been a consensus among the main actors on the traditional 'welfare without work' approach. The pressure of rising unemployment, escalating public spending and slow growth called this into question. The goal of securing greater labour market flexibility through individual responsibility and incentives has partly replaced that of high employment by early retirement and job subsidy. Policy instruments of activation through benefit constraint and case-management were substituted for labour reduction and job creation. The setting of instruments in terms of benefit levels and entitlement and job search and acceptance rules were also changed.

However, while these shifts can be seen in terms of the substitution of one paradigm for another, the question arises of what leads to this shift. One argument is that it is a case of policy-learning among policy actors, and the process whereby the SPD shifted its policy stance between opposition and government, dramatised in the resignation of Lafontaine, fits into this framework. However, it also involves other political processes. Two are of most importance: first, the consensus approach to labour market policy, by which the party of government used its position to negotiate compromise, rather than promote and enforce a particular policy direction, is no longer pursued. This is a significant shift within the German tradition of policy making. Secondly, the role of the trade unions appears to be in decline. They were unable to assert themselves against the CDU/CSU reforms after 1993, achieve access to the policy agenda through participation in the alliance for jobs or affect the implementation of Agenda 2010 report, either through direct pressure or through contacts with the SPD. As the DGB representative remarked 'the DGB proposal has not been prominent in public debate'.

At present the general picture presented by government, SPD, CDU and employers betrays substantial similarities: BMWA representative: 'traditionally active labour market policies were meant to be public works programmes or qualification measures, there is now a steadily increasing part of expenditures devoted to 'make work pay'

instruments and support to self-employment’; senior member of SPD group on labour market policy: ‘a basic change of paradigms – from administration of the unemployed to activation’; CDU spokesperson on labour market policy: ‘the principle of *Fördern* and *Förderung* (carrot and stick) needs to be fully implemented...passive transfers of resources are no longer the appropriate way...there is a need to strengthen the obligations of recipients’; BDA: ‘the labour market policy cannot provide jobs, this has to be done by enterprises in the regular labour market...Agenda 2010 is welcomed and is seen to be on the right track’. Thus the reform process, as it has so far developed, indicates a paradigm shift among policy makers, but one that takes place in the context of a realignment of policy actors. The outcome is not simply a process of policy learning in the transition from one paradigm to another, but must be understood in terms of the political opportunities and constraints imposed by shifts in power resources.

3.2.4.2 Labour Market Policy in France⁷

France, like Germany, is typically categorised as a Bismarckian welfare state with a strong reliance on social insurance. Insurance contributions at 15.2 per cent of wages (OECD, 2003, Table 16) in fact make a higher contribution to labour costs than in any other EU country, and this issue has figured prominently in policy debate. Employers and trade union organisations are more directly involved in the management of social insurance and this is reflected in the important role they play in policy-making. Economic growth, at an annual average of 1.9 per cent during the 1990s, exceeded that in Germany, and is close to the EU average (Table 4.8). As in other EU countries, unemployment rose through the late 1970s and 1980s, and reached a peak of 11.9 per cent in 1996, the highest in the EU after Finland and Spain, thereafter declining somewhat (OECD, 2003b, Table 15). Unemployment, particularly among young people (at least 20 per cent during the 1990s - Table 4.8), and long-term unemployment, which remained above one-third for the same period, became major policy issues, as did low pay and unsatisfactory coverage by assistance benefits.

The policy response to rising unemployment during the 1980s followed the typical Bismarckian pattern of increased spending on unemployment benefits, and subsidised early retirement (Table 4.7), initially within a neo-Keynesian economic framework which sought to maintain currency values to protect jobs. The experiment in neo-Keynesian management of external economic pressures proved unsuccessful, and was abandoned (Schmidt, 2002, pp. 274-5). Welfare reforms included the introduction of a second layer of means-tested social support through RMI and other assistance benefits after 1989; the initial restructuring of the insurance-based unemployment benefit in 1992, so that it was time-limited and the rate diminished over time to promote work incentives; measures to cut labour costs by reforming social insurance contributions for low paid workers from 1993 onwards; the provision of subsidised jobs to young people in the public sector at the minimum wage from 1997. More recently, the 35 hour week legislation has promoted labour market flexibility, a partial reform of unemployment benefits to strengthen pressures to work has taken place and more ‘make work pay’ measures being introduced. The French system of social security has introduced more activation measures, both positive and negative (carrots and sticks), and has established tax finance means-tested support alongside the

⁷ This section draws on the work of Bruno Palier and Lou Mandin, and especially on Mandin and Palier (2003).

insurance system, but still retains a substantial role for insurance welfare for unemployed people as of right.

The innovation in assistance, initiated through RMI was proposed by Mitterrand in the 1988 election campaign. The reform was supported by the right as enhancing work incentives and by the left as promoting social rights for the excluded. It is a departure from the insurance tradition, and the provision of social welfare outside the system managed by unions and employers is a major new direction in the French context. Entitlement is weakly linked to a formal contract which can include commitment to undertake training or re-enter the labour market. However empirical work shows that only some 40 per cent of beneficiaries actually had a contract in 1992, and in many cases the contract was not enforced (Mandin and Palier, 2003, p.40). 'It is not a workfare benefit ...the beneficiary is entitled to a minimum income without any obligation' (interview Ministry of Social Affairs, July 2003). RMI and related assistance expanded rapidly to cover 15 per cent of households by 2000 (6.1 million people).

The retrenchment of insurance unemployment benefit rights, under the left wing Presidency and Prime Minister in 1992, was facilitated by an alliance between employers' groups and the CFDT union, which took a pragmatic socialist position and pursued modernising policies. As a result, the government appointed the representative of this union to the chair of the insurance committee (previously occupied by the employers) and the employers' representative as the vice-chairman (previously the representative of FO, the socialist, Trotskyite-leaning union). The outcome was a situation in which the accounts of the unemployment benefit scheme could be balanced, and in which co-operation between employers and CFDT became an important factor in permitting government reforms.

The Jospin government, under a right-wing Presidency, had as the centrepiece of its policy the 35 hour week, introduced in 1998. While seen by some as *dirigiste*, this measure in fact encouraged more flexibility, because employers and unions were forced to negotiate the organisation of work on a local basis. The approach can be seen as facilitating the kind of social pacts on work sharing, flexibility and wage moderation that emerged in other European countries (Pochet 2001; Rhodes, 2001).

The employers' organisation, MEDEF, with some support from CFDT, took the opportunity window presented by the improvement in employment to start promoting the project of social restructuring (*refondation sociale*) in 1999. This was centred on an individual plan of support for return to work (PARE) which included the implementation of a shorter and more focused training system, linked to more regulated benefits. The original proposals were closer to workfare and were opposed by traditional unions: in interview, the communist-leaning CGT described the goal of the new system as 'to introduce a pressure on the jobseeker and sanctions'. FO, the other main socialist union, argued that the employers' organisation 'did not want to support the replacement of unemployed workers, but to force them to return to work ... it wanted to sanction so-called 'false' unemployed people'. However the proposal was strongly supported by the government, as an interview with the Ministry of Employment and Social Affairs showed.

A compromise was achieved in negotiation. Jobseekers were not to be forced to take any job on offer, and decisions on benefit sanctions were to be made in individual cases by the insurance agency (answerable to the Bismarckian system managed by

social partners), rather than the means-test officials managed directly by the state. Conditionality was stronger than it had been in the case of RMI, but still partial, and weaker than finally developed in the UK or Germany, and was unsatisfactory to the employers. 'With the PARE the unemployment insurance scheme became more generous. We kept the carrot but suppressed the stick. The problem of the PARE is that a socio-democratic government refuses this kind of reform ... If we don't have any controls, the system cannot work ...if I were unemployed, I would be shocked not to be controlled' (MEDEF interview July 2003).

More recently, reforms to RMI seek to impose greater pressures on claimers. ('RMI is not a solution that solves the issue of social exclusion ...the result was not very positive: it is a vicious circle' - interview Ministry of Social Affairs July 2003). First, provision was made for recipients to continue to receive benefit for a period in employment. This system expanded rapidly and applied to 14 per cent of recipients by 1999. Secondly, a new contract is being implemented for long-term unemployed people on RMI (the RMA), with training attached, which brings it closer to workfare or as the Ministry of Social Affairs representative put it 'a springboard into professional activity'.

The most important 'make work pay' reform was the introduction of a negative income-tax benefit, PPE, in 2001 (Daguette and Palier, 2001). The benefit was increased twice by the Socialist government to attract the support of low income voters for the 2002 election (Palier 2002, p. 317). These reforms were in general supported by employers because they were seen as mobilising workers, but divided unions and were opposed by those on the left. 'MEDEF agrees with all these ideas (PPE, RMI) and encourages the development of the measures of activation, it is the right direction' interview, July 2003). 'We are opposed to the RMA. It risks creating a category of poor workers' (CGT union July 2003) 'I'm shocked to see that an increasing proportion of workers are low paid' (FO union July 2003).

The French situation shows a transition from a typically Bismarckian 'welfare without work' strategy to one in which entitlement to benefits is more restricted, and elements of conditionality are becoming stronger. In this sense it is best seen as an evolutionary change in paradigm. A 'second world of welfare' which includes many low income workers and those who find it difficult to gain access to the labour market, is developing alongside the insurance welfare system. This development is a radical departure, a new paradigm of welfare, but it continues alongside the existing model rather than simply replacing it. The key factor facilitating change has been the shift to a modernising position by one of the unions, of particular importance in the French context due to the powerful position of the social partners in relation to insurance benefits. There is considerable conflict between political actors on the direction of welfare, so that the extent to which provision is to depend on active pursuit of jobs at the terms offered is limited. The reforms to the Bismarckian model in France are less thoroughgoing than those that have taken place in Germany. However, the realignment of the key political actors in the structure of opportunities provided by the national context has again been important in promoting change.

3.2.4.3 Labour Market Policy in Sweden

Unemployment in Sweden rose by more than 300 per cent between 1990-1993 as a consequence of a severe recession, but has now fallen to 3.9 per cent, well below the EU average. The post-industrial phenomenon of 'jobless growth' is,

however, not unfamiliar for Sweden, and there appears to be some mismatch between supply and demand in the labour market. Employment rates are currently at an average of 72 per cent of the working aged population. High female participation and the Swedish dual-earner model contribute to the comparatively high employment rate. Part time employment is relatively common (about 22 per cent of all contracts), and the full time equivalent employment rate is 68 per cent - the same as in Finland (MOL 2002).

Compared to France, Germany and the UK, the structure of the Swedish labour market is characterised by stronger regulation (Gallie & Paugam 2000, 1-25). The tax-benefit system and other labour market institutions keep the reservation wage relatively high. There is no low wage economy, the earnings dispersion is relatively narrower, and the public sector is a more important employer (21.2 per cent in 1998, OECD 1999b). Wage setting is heavily centralised and strictness of employment protection legislation is at an average OECD level (OECD 1999).

The social democratic party has traditionally had broad support among the population, and has ruled the country for most of the post-war period. According to the constitution, the government must have a majority in the parliament. Usually the strongest party forms a coalition with another party, making the political system more consensually-based than, for example, in the majoritarian UK (Lijphart 1999). This is reflected in policy-making in employment. Benefit cuts were avoided as much as possible during the recession, and the public deficit increased instead. The trade-off between equity and efficiency in the labour market is acknowledged in the current discussions, but the aim is not to lower structural unemployment through labour market deregulation. Remodelling labour market institutions on efficiency grounds is highly unlikely because of the support they enjoy among policy makers and the people.

The unemployment benefit system has recently been subject to many reforms, and the current maximum duration of the earnings-related component is 300 days. There is an 'activity guarantee' (aktivitetsgaranti) targeted at long-term unemployed which involves participation in ALMPs after the first 100 days of unemployment. Participation is compulsory in order to receive full unemployment compensation. Benefit administrators now have discretion over whether those participating in activation measures may continue to receive earnings-related benefit (apart from over-55s who have are formally entitled - Timonen 2003, Hytti 2002, 336).

There is strong concern about hidden unemployment among those on sickness and disability benefit – currently 13 per cent of those of working age (Hytti 2002, 334). Sweden is among the highest spenders of ALMPs. The most significant challenge for the Swedish labour market is whether it can maintain its extensive institutions and structures in a competitive global environment.

A basic Swedish position, apparent in many interviews, was expressed as follows:

'The Nordic countries must together strive to maintain their welfare state model and ensure that it acts as an example for others. [There is a] need to enable everyone to work, [and a] need to take more account of people's physical and psychological ability to work.' (Member of Parliament, SDP, 2003)

There was some variation among the political left and representatives of the labour movement in how they viewed the problem of unemployment. Some saw the past decrease in unemployment rates as an indicator of well-functioning employment policies, implying no need for major revisions. Some (especially the trade union representatives) wanted to highlight that unemployment is still a major problem. All political actors representing the political left and the trade unions agreed more or less that full employment should be the policy goal.

Compared to the left, the political right were keener to highlight the goal of a dynamic labour market as a response globalisation and increased international competition. However, the right and representatives of employers' organisations agreed on the need for state provided basic security (in Swedish discourse this refers to the current, comparatively generous arrangements), and on the goal of ensuring the survival of the welfare system. They also wished to maintain the goals of freedom of choice (the liberal party) and improved support for private enterprise (the Christian Democrats).

Virtually all of the interviewed policy makers saw the increase in the number of sickness benefit recipients as the main problem in the current benefit system. If this is seen as a form of hidden unemployment, it means that it is a spill-over effect of labour market problems. The representative of the employers' organisation (Svensk Näringsliv) noted that the insurance ceiling is lower for unemployment benefits than for sickness benefits, and suggested that this creates a perverse incentive for unemployed people to seek to be categorised as sick.

'Everybody should have the opportunity to work, and work must always be economically more rewarding than benefits. E.g. social assistance fails to motivate to work as all income from work is offset against the assistance. The massive increase in the numbers of [sickness benefit recipients] is also a problem. Many unemployed people have moved on to become sickness benefit recipients.' (Member of Parliament, Liberal Party, 2003).

Representatives of the trade unions interviewed (LO, SACO, TCO) and the representative of the Liberal party expressed concerns of the low 'insurance ceilings' as a problem with regards to the credibility of the benefit system. The level of earnings above which no earnings-related compensation is received is limited in the Swedish unemployment benefit system, and this level has been decreased as a result of recent reforms. The trade unions see this as a threat to the insurance principle, as contributions are not being sufficiently rewarded.

Many interviewees expressed concern about the threat of labour shortages and an ageing population. The proposed solution is to reduce the numbers on benefits. Throughout the Swedish discourse, the primary answer seems to be training and activation measures, reflecting a positive solidaristic approach, rather than an increase in incentives through lower levels of benefits.

'The main future challenge is maintaining high levels of education and a highly skilled work force, and reaching full employment' (Member of Parliament, SDP, 2003)

The trade unions would be happy to see an increase in the social insurance ceilings as a solution to the threat to the insurance principle, which would of course increase

spending on unemployment benefits. None of the SDP representatives mentioned this approach. The representative of the Liberal Party, however, claimed that there must be concrete returns on the taxes people pay.

'People pay taxes first and foremost for selfish reasons, so that they can be sure of getting good health care for themselves and good education for their children' (Member of Parliament, Liberal Party, 2003)

The representative of the Confederation of Swedish Enterprise suggested that employment rates should be increased by shortening education, and increasing the retirement age. This is a work-centred proposal, but, significantly, is directed at enhancing the conditions for high social spending. It is to be achieved through better work opportunities rather than cuts in retirement benefits and education grants.

The striking feature of the Swedish interviews, compared with those from the other countries, is the relatively high degree of consensus on the desirability of maintaining a high-spending welfare state. It is particularly telling that representatives of right-wing political parties and of employers' organisations, when they express anxieties about aspects of welfare policy, do so in the context of concern about impact on the capacity to maintain current levels of social spending rather than on greater competitiveness or economic efficiency as the objects of policy. Nonetheless there is disagreement on issues such as the effect of high levels of sickness benefit on work incentives and the need to ensure that as many people are included in the workforce as possible, to meet the extra demands of population ageing. Whether Sweden will be able to sustain a broad consensus on citizenship welfare in the context of these pressures is unclear.

3.2.4.4 Labour Market Policy in the UK

The UK context differs from that in France, Germany and Sweden. The majoritarian system of government gives the party in office very substantial authority, enhanced by the weakness of opposition parties during the last two decades and the administrative strengthening of the executive (Taylor-Gooby, 2002, p.149). The liberal leaning welfare system contrasts with that across most continental Europe.

Economic growth was relatively slow in the 1980s, but has recently accelerated to one of the fastest in Europe (Table 4.8). Unemployment followed the trajectory of increase through the late 1970s and 1980s noted elsewhere, but declined during the 1990s. Youth and long-term unemployment remains persistently high. Worklessness increased from about 10 per cent in 1979 to over 20 per cent by 1996, and has been identified as a major policy issue (DSS, 1998, p. 3). In keeping with the liberal bias, benefits are relatively low, average out-of-work income maintenance at 27 per cent of GDP per capita being the lowest in the EU apart from Ireland (EU, 2002 chart 12). There is considerable emphasis on means-testing (at 16 per cent of benefit spending, the second highest in the EU, 2002, Chart 6). Low pay, measured as the proportion of the workforce receiving less than 60 per cent of the median wage (21 per cent) is the highest in the EU (Eurostat, 2002). Income inequalities are relatively large. At 0.345, the Gini coefficient is the highest among the European countries included in the Luxembourg income study, (LIS, 2004). Spending on job creation, early retirement and other Bismarckian strategies, as well as on positive activation strategies remained low during the 1980s and 1990s, although the high rate of youth unemployment led to spending on that group (Table 4.7).

The radical right government of Mrs Thatcher in the 1980s pursued a market oriented labour market policy. Benefits were cut back and an increasingly strict regime was imposed for entitlement. Union rights were restricted, and a wide range of measures to promote flexibility established. A limited 'make work pay' programme was developed through The Family Income Supplement /Family Credit means-tested pay supplement. These policies continued through the early and mid-1990s, culminating in the abolition of insurance unemployment benefit and its replacement by Jobseekers Allowance, with strict conditionality, in 1996. The programme was strenuously opposed by left parties and by unions, most markedly in a series of strikes in the mid-1980s.

In the majoritarian UK context, these protests were ineffective. The UK Labour party had lost elections in 1983, 1987 and 1992, when it had advanced a programme of expanded tax-financed social spending and a neo-Keynesian 'Alternative Economic Strategy'. It remade its approach to the welfare state as part of a painful process of restructuring from the Committee on Social Justice report (1994) to the 1997 election manifesto. The 1994 report argued that 'Britain needs to change if it is to find its place in a changing world' (1994, p.91), and that a central part of that process must be a redirection of social policy effort to support economic competitiveness. The first paragraph of the 1997 manifesto set out the programme of 'building a modern welfare state, of equipping ourselves for a new world economy' (Labour Party, 1997, p1). The party pledged itself to improve employment, in particular 'to get 250,000 young unemployed off benefit and into work' through a major 'welfare-to-work' activation programme. The new discourse attracted voters outside the core group of supporters and contributed to New Labour's 1997 and 2001 electoral victories (in which the swing to Labour in middle class areas at 12.1 per cent was slightly higher than that in working class areas – 11.7 per cent, Butler and Kavanagh, 1997, annex).

The labour market strategy involved creating an activist welfare state which supported the maximum of flexibility and engagement in high productivity knowledge intensive work. 'The current government sees ... a flexible labour market as a key advantage in comparison to European countries' (interview, Low Pay Unit). This involved a sophisticated education and training strategy as well as a restructuring of benefits and of the management of those without work. Mobilisation into paid work was seen as the primary antipoverty strategy for those who could be economically active: 'raising the quality of life for low income families with children by raising their financial receipts, and encouraging them to work as much as possible so they can get out of poverty' (interview: senior adviser to the Treasury). As policy developed, the Prime Minister intervened to set a target for the reduction of child poverty by 50 per cent by 2010 (Blair, 1999). The Treasury became convinced that initiatives on childcare were necessary to achieve high levels of employment among women, and policy in this area was substantially enhanced after 2000.

New Labour established a national minimum wage at a relatively low level and developed a system of tax credits as part of a 'make work pay' strategy. Benefits for those out of work were held down, while incomes at the bottom end rose somewhat. The level of assistance benefit had fallen from 29.5 per cent of median earnings in 1983 to 22 per cent by 1997, and continued to fall to 19.5 per cent by 2001 (NPI/Rowntree, 2003). The minimum wage was opposed by the right but finally accepted by employers and by unions 'for groups like these, making work pay makes sense' (interview with TUC). The tax credits system was substantially expanded to

include credits for working people without children and a separate child tax credit paid at a relatively high level. It represents a very substantial expansion of means-testing in the UK context, managed through the tax system rather than through benefit authorities.

Alongside the 'make work pay' system, a series of benefit reforms were initiated through the New Deal programmes. The New Deal for young people was a flagship programme directed at youth unemployment and highlighted in the 1997 election manifesto. Further New Deals covered long-term unemployed people, lone parents, those over 55, disabled people and partners of unemployed people. The New Deals had in common a system of intensive work-focused interviews and case management linked to training programmes and opportunities for job placement. 'The New Deal structure is essentially an activation strategy in the welfare state for benefits based on case management. You have a welfare adviser, who you have contact with who tries to support your moved into employment' (special adviser to the Treasury, May 2003). The New Deals for young people and long-term unemployed made benefit conditional on participation, and the programme for lone parents also had element of compulsion. Approaches analogous to the New Deal have now been developed to cover all those of working age of applying for benefits, who must enter the system through a 'single gateway', which assesses them for capacity to work and applies individual case management.

The labour market reforms were influenced strongly by the US experience with EITC (interviews with Director of Jobcentre Plus, DWP and Treasury representatives). They stressed an emphasis on workforce mobilisation rather than quality of jobs: 'the political decision was primarily to get people into work and then train them. The 'work first' approach' (special adviser to Treasury). 'Why are we setting up Jobcentre Plus? The main reason is so we can provide everyone with the help they need to get into work ...it is a work first approach' as then Secretary of State put it (Darling, 2002).

These policies represent a new departure in the UK context. They seek to combine a system of incentives designed to produce a high level of participation with individual case management procedures that encourage individuals to enter work. This represents a redirection of the simple market oriented policies of the previous government, and is thus a paradigms shift. They have enjoyed some success both in promoting employment and in reducing poverty, but there appear to be limitations on how far they can go in promoting a high level of participation in work, and in reducing inequality and enhancing social cohesion.

New Labour has precipitated a realignment of politics on the left, and have enabled the government to gain support from employers. Traditional Labour Party supporters and many members of the union movement had reservations about the modernising strategy, and employers' groups were concerned about the policies of a centre-left political party. However, the negotiations for the minimum wage, and the commitment to an anti-poverty strategy that rested on mobilisation into paid work, rather than tax and passive benefits, and was intended to enhance economic competitiveness, attracted support from both groups. The trade union representatives interviewed stated 'overall, the government is getting it right, although there are details we disagree with' (interview, May 2003). They supported the New Deal (because it helps young people enter the labour market), 'make work pay' and an endorsement of elements of compulsion: 'we nowadays accept the case for in-work

benefits, we have changed our policy ...once they [inactive people] have found a way of coping with poverty, to actually go into a better world is very difficult ...making work pay makes sense'. This is in clear contrast to previous union positions, which were based on the right to passive benefits.

This reflects arguments about 'carrot and stick' policies also advanced by the DWP and Treasury representatives: 'workless people, not only do they lack skills but they also have a state of mind problem ...so we try to change their mindset and help them realise that would be better off in work ...the sanction regime is an effective deterrent there is now a clear framework of rules ...we try to establish a momentum towards going back to work' (interview DWP May 2003). Government in the UK, once in office, is able to implement rapid and thorough-going change due to the centralised majoritarian framework. However, the shift in UK treatment of unemployed people has also been made possible by a realignment of political actors. In this case, the shift by New Labour, in constructing a Third Way platform which succeeded in making the party capable of winning elections, is central to change. Other less significant actors on the left were forced to follow or become marginal. The new policy stance was close to that favoured by employers' groups.

3.2.4.5 Conclusion: Policy Paradigms

The discussion of labour market policies in France, Germany, Sweden and the UK shows a number of similarities. First, the trajectory of reform is in all cases away from passive benefits and towards activation, pursued at differing speed and with different degrees of benefit conditionality. Secondly, in three of the countries reform has been associated with political realignment which involves a commitment to modernisation by parties of the centre-left and a shift towards support for such policies, to varying degrees, by elements in the trade union movement. This is highlighted in the French case by the detachment of CFDT from the position of other unions, but can also be seen in the policy shift towards acceptance of 'make work pay' by the TUC in the UK, and the success of Schröder in negotiations to achieve support for the next stage of Agenda 2010. In general employers' groups have supported the changes, on the grounds that they promote workforce mobilisation and enhance economic competitiveness. In Sweden the situation is rather different, due to the well-established activation system, the entrenched position of the SDP and the widespread commitment to maintaining welfare as well as competitiveness as a prominent goal of employment policy.

There are, of course, substantial differences in levels of benefit, degree of conditionality and the extent to which reform is still actively in process in the different countries. The paradigm approach sees policy change in terms of a shift in interpretive framework which links together normative and cognitive elements and can be understood in changes at different levels of policy-making. Discourse approaches explain how actors promote particular policies in particular contexts by linking the new agenda to national values. These processes appear to be identifiable in the changing positions of different policy actors in the various countries. Reforms involve new goals, new instruments and recalibration in all four (Table 4.9), and the interviews with significant policy actors indicate consciousness of a transition to a new policy discourse.

In France and Germany, the goals of labour market policy for unemployed people have shifted from passive support, in which early retirement schemes played a large

part, to an emphasis on activation. In Sweden, the goals of achieving social inclusion and a large measure of citizenship security have been substantially preserved, although the consensus that supported this may be eroded by dissent from the right and some business groups. In the UK, the shift has been from the negative activation policies of the Conservative government to an approach which included a strong role for opportunities accessed through training

At the level of instruments, there have been substantial changes. In Germany the most significant shift is the integration of unemployment and assistance benefits for the long-term unemployed. In France, assistance benefits have developed rapidly and there have been moves to make entitlement more conditional on labour market behaviour. In Sweden, the shift in instruments has probably been least marked, although new targeted and mean-tested measures for specific groups have been introduced. In the UK, the new instruments have been concerned with increasing incomes for lower-paid workers and with more detailed management of job search and training for benefit claimers. Recalibration has also been important. The most important changes have concerned restrictions on entitlement to insurance benefits in the Bismarckian countries, and constraint in the benefits available to those out of work to increase work incentives in the UK.

Shifts in political discourse helped to facilitate these reforms, as indicated in the interviews. Key actors are aware that labour market issues must be thought about in new ways. However, political realignments have also contributed to change. The manoeuvres of particular groups and their success in grasping the opportunities available to them in the different national contexts also play an important role, as the discussion above showed. In France, the CFDT were able to gain the chair of the unemployment insurance committee and to place themselves in a favourable position when negotiating on behalf of their members in the context of the 35 hour week as a result of their commitment to the *refondation sociale*. In the UK, the marginalisation of the union movement in politics puts the TUC in a position where it is unable to oppose the government and is forced to gain what advantages it can for members in negotiations over such details as the level of minimum wage. In Germany, Schröder promoted the modernising groups in the Red Green Alliance against the traditionalists, and was able to impose his agenda by making it a resignation issue. Thus paradigm and discourse approaches offer valuable ways of summing up changes in the range of available policy frameworks, but need to be allied to accounts of shifts in the position of political actors in order to understand how changes take place.

3.2.5 Paradigms in Equal Opportunities and Work-life Balance

The traditional industrial society welfare system under which most European welfare states developed, assumed a gender division of labour. Women were mainly responsible for domestic care activities and men, as bread-winners, for paid work. Developments in Nordic countries and to some extent in France provided services that enabled a move away from this framework, but it persisted across much of Europe into the 1970s (Lewis, 1993). The success of women in gaining equal rights in a range of spheres, including employment, education and training, the extent to which progress has been made in implementing these rights, the increasing flexibility of marriage and the family life-course, and the transition from an industrially-centred society to one in which service employment plays an increasingly important role, challenge the gender settlement. The overall process across Europe is of a shift from

a one-earner towards a two-earner family system, proceeding at different speeds in different countries. Commitment to policies which enable a two-earner work-life balance and to equal rights are firmly embedded in EU policies. A return to the previous gender settlement is thus unlikely. Here we review developments in Germany, Spain, Sweden and the UK.

The research identifies two paradigms as significant in this context: one is driven by concerns about work-force mobilisation and economic competitiveness, and interprets the issues in terms of the extent to which women can be attracted into paid work by enabling them to balance employment and domestic responsibilities; the other is based on the agenda of equal rights and opportunities, and highlights the extent to which policies actually succeed in giving women equality with men in paid work. The crucial distinction is thus between policies directed at sustaining a work-life balance that enables earners, and principally women, to combine paid work with a domestic responsibilities, and policies that go further, in promoting full gender equality. In keeping with the overall emphasis on 'loose monetarist' approaches in European social policy, where support for the successful operation of an open market takes priority over the advance of equal citizenship, the first tends typically, but not always, to predominate, and the pattern varies by welfare state regime.

3.2.5.1 Work-life balance reforms in Spain, Sweden, Germany and the UK

The 'workforce mobilisation' paradigm has been significant in much recent policy-making. During the late 1980s and early 1990s European states faced problems of low growth and of maintaining an internationally competitive position. Mobilising the female workforce was seen by national governments and the EU as an appropriate response. Women represented a largely unexploited workforce which could contribute to national productivity and hence to growth (COM 333, 1994, section V; COM 551, 1993; Rees, 1998, p.178). Driven by economic concerns, national governments agreed to set a common target for the female employment rate of 60 per cent by 2010 (Presidency Conclusions, Lisbon Summit, 2000). Few countries had the services in place to promote a dual-earner society (Rees, 1998, p.179). Work-life balance reforms in Spain, Sweden, Germany and the UK may be presented under the broad headings of parental leave, flexible working, social transfers for families with caring responsibilities for children and improvements of national childcare facilities.

Parental leave for both mothers and fathers, rights to take time off from work in emergency situations to care for a sick child and a request to work part-time have been implemented in all four countries, as a result of EU's directives on parental leave (1996), maternity leave (1992) and part-time work (1998). Recent national reforms have improved the length and parents' entitlement to parental leave, partly as a response to EU's requirements, and partly because of national initiatives to improve the incentives for women to take up paid work (Interview TUC, Eironline 1998, Sveriges Riksdag, 1999/2000). The most radical reforms have been in the UK and Spain where flexible working and new rights for both parents have been introduced while the reforms in Sweden and Germany have been of a more moderate character, as extensive parental leave systems were already in place in these two countries. Despite the recent national improvements, parents' entitlements continue to vary. The Swedish government have tended to rely on a more universal funded approach, and the Swedish parental leave system one of the most generous systems in terms of paid

leave and fathers' rights to leave. Although fathers' rights have improved in Germany with respect to parental leave, the new reforms continue to follow the traditions of a conservative regime, as paternity leave is not a statutory right and the financial incentives for fathers' to use their rights remain poor. The Spanish and British reforms can be regarded as only modest improvements and reflect both the liberal and more Southern European approach, partly because fathers' rights to leave are limited, and partly because parental leave is unpaid.

Despite national differences, recent reforms show an increasing emphasis on fathers' rights, which is a relatively new phenomenon in all four countries. Indeed, the new policy instruments indicate a change of national discourse towards a dual-earner society, as focus has moved from purely mothers' rights to maternity and parental leave to include similar rights for fathers'. However, the recent parental leave policies continue to be aimed mainly at women. Paternity leave is either non-existent or limited to a minimum of two days to a maximum of two months, which is in stark contrast to the much longer maternity leave rights. Moreover, parental leave is often unpaid or poorly funded, so that the incentive for families to share provider and carer roles more equally is weak (Siim, 1992, p. 33). Failure to address the issue of equal rights and improve the economic incentives implies that recent policies continue to follow the logic of a male breadwinner/female carer ideology rather than a dual-earner model despite the acknowledgement of fathers' rights.

Overall the analysis of recent parental leave reforms indicates both a first and second order change, as new policy instruments have been introduced and the political goal has been to mobilise the female workforce. However, national governments have, to varying degrees failed to transform the underlying ideals of the male breadwinner model. Thus, a greater awareness of men's rights and the need for promoting financial incentives is present. As a result, the national reforms cannot be classified as a third order degree change and thereby a new dual-earner discourse. In addition, the analysis indicates that the reluctance from employers to enhance the economic incentives and fathers' rights to leave have been determining factors for the policy outcomes while national governments to varying degree have been able to ignore parliamentary opposition due to the structure of the national political systems.

Social transfers comprises various tax exemptions and benefits that enable parents to reconcile work and family life. Recent reforms in the UK, Sweden, Spain and Germany have been particularly aimed at less well-off families, mainly using targeted support based on means-testing rather than universal benefits. However, there are important differences in the ways national governments have addressed the help aimed at mobilising the female workforce. The new reforms in Sweden and Germany have followed the traditions of the Nordic and conservative regimes as their policies mostly adjusted the national social benefit systems by extending the existing thresholds for family and childcare allowances and increasing benefit levels. By contrast, the reforms, introduced in the UK and Spain, have primarily targeted working families through means-tested tax exemptions rather than social benefits, and rely therefore on the more residual approach that characterises the liberal and Southern regime models.

National reforms of social transfers indicate a first order change, as most of the new policy instruments enable parents, particularly mothers, to combine work and family

life. However, many of the reforms do not provide incentives for mothers to seek paid work and, for example in Germany and Britain, may have the opposite effect. In some case, for example, Spain and Germany, reforms may be driven by other concerns, such as increasing fertility and reducing unemployment, rather than supporting a dual-earner society. It is only in Sweden and the UK that a second order change can be detected. Many policy-makers continue to support social transfers which enable women to provide mother-care for their children in the home, a traditional Christian Democrat position. As a result a third order change and thereby a dual-earner discourse has not been legitimised.

In recent years, access to formal childcare has been a high profile issue on the political agenda of Germany, Sweden and the UK. However, Spanish politicians are becoming more aware of the issue due to public pressure and the government has recently set a target of 250,000 new childcare places by 2004 (Vidal & Valls, 2002, p.25-26, EU 2002e, p. 14). The different national initiatives in Sweden, Germany, Spain and the UK have been to develop the national childcare infrastructure by giving children a right to a free childcare place although the length and entitlement to these services differs across the three countries. Access to a full-time childcare place for children aged 3-6 years is a right in Sweden while children in Germany, Spain and the UK only have the right for a part-time place. Financial support for parents' childcare costs also differs. In addition, the Spanish and British childcare market is based on a mixed economy while in Sweden and Germany provide childcare is municipally provided.

Overall the recent national reforms on childcare represents a change of discourse in terms of a second order change, as new policy instruments have been introduced and the political goal is to increase the employment rate of women. The political debates also signify a change of national actors' mindset, implying a radical change of discourse towards a dual-earner society. However, the recent reforms on parental leave and social transfers in particular imply that such a change is still a distant goal. Key actors continue to follow the logic of the male breadwinner model rather than a dual-earner discourse due to the failure of national governments to transform key actors' beliefs. Nevertheless, greater awareness of men's rights and the need to increase the financial incentives for both men and women is becoming apparent in the national debates. Most governments have been able to implement their reforms despite parliamentary opposition, typically by constructing coalitions of support. However, they have been unable to ignore opposition of employers.

3.2.5.2 Policies to promote Equal Opportunities

Equal opportunities issue have received much less attention in political debates, although governments have implemented the relevant EU policies, which include a range of initiatives from legislation on equal treatment and positive action measures to gender mainstreaming. The British government have largely ignored the practical dimension of these reforms:

"We get told that they (the government) do not see sex discrimination as a major problem" (Interview EOC).

By contrast, the issue of gender equality, particularly eliminating gender segregation and improving financial incentives for equal sharing of gender roles, have entered the

German and Swedish and to some extent the Spanish political agenda. One respondent saw the new initiatives of the red-green coalition in Germany as a paradigm shift:

'It was only in 1998, when the red-green coalition came into office that a major paradigm shift occurred in the sense that women's employment and equality in the labour market should be achieved through explicit political actions ... The paradigm shift is not only visible in terms of new aims and targets but also in the use of different instruments visible in the programme of women and profession (Interview; Ministry of Family, Older people, Women and Youth).

We examine developments in the specific areas of civil rights for men and women, equal pay and gender mainstreaming (including elimination of gender segregation).

The emphasis on fathers' rights to parental leave and the greater awareness of the need to improve the incentives for families to share provider and caring roles more equally suggest that governments are beginning to address the issue of equal civil rights. However, the most fundamental financial reason why families continue to follow traditional gender roles during periods of child-rearing has received little recent attention. Wage differences between men and women are still substantial, despite the EU directive on equal pay in 1976. The gap is largest in Germany and Britain (21 percentage points), and narrower in Sweden (18 points) and Spain (15 points). The incorporation of gender issues in the Spanish collective agreements since 1994 and the Swedish government's emphasis on eliminating gender discrimination have improved the situation in these two countries, while it is lack of political will that is the main reason why the pay gap continues Britain (Rubery, et. al, 2002, p. 129). With respect to Germany, a senior party figure states that:

'Female work is not valued in the same way as predominately male work. [...] Germany has missed a development for ideological reasons. The family ideal of the 1950s and 1960s are still alive in the thinking of the people [...] and one of the reasons why there has not been sufficient progress. The basic problem is still to change the mentality of the people' (Interview; SPD).

Government's failure to transform the popular attitudes is also evident in Britain, Sweden and Spain, as women continue to be paid less than men for the same job across Europe, implying that most policy-makers still believe to some extent that men's work is worth more than women's.

Attempts to promote equal opportunities and eliminate gender segregation through gender mainstreaming have been more prevalent in national policies and debates. Although various projects are in place to secure gender mainstreaming and gender equality in all four countries, it is mainly in Sweden and Germany that these issues have been high on the political agenda. The Swedish government is currently preparing a 121-programme, which aims at making the public sector a better employer in terms of improving the quality of women's work (Interview; the left party). In the German case, the red-green coalition government proposed the programme 'women and professions' in 1999, which included gender mainstreaming, elimination of gender segregation, reports on equal pay and an equality act aimed primarily at the private sector. This paralleled the gender equality policies implemented through legislation within the public sector during the 1990s (Bönker, Aust and Wollmann, 2003 p. 40). The new initiatives represent a shift in policy discourse, as neither the

CDU nor the FDP have proposed similar measures during their times in office (Bönker, Aust and Wollmann, 2003).

Overall, the national policies and debates regarding equal opportunities policies indicate that to a varying degree key actors have started to address more general gender equality issues. However, it is evident that the national attempts to mobilise the female workforce have primarily focused on policies regarding reconciliation of work and family life rather than equal opportunities policies, which are essential to achieve a dual-earner society. Therefore, the low profile of the equal opportunities agenda indicates that national governments have not managed to legitimise the dual-earner discourse and therefore have failed to create incentives for a successful mobilisation of the female workforce.

3.2.5.3 Policy Paradigms: Women and Paid Work

Mobilising the female workforce has been a political goal of national governments and the EU since the early 1990s. To reach this goal a set of new policies has been implemented under the broad headings of “work-life balance policies” and “equal opportunities policies”. Several approaches have been used within the different national traditions, resulting in a range of ways of tackling barriers to female employment, which often tend to follow regime types. The reforms signify a move away from the male breadwinner model and may even represent a gradual convergence across Europe, as national services are improving in a way that may change the current perception of welfare regimes. Universal childcare services have been introduced in all four countries for certain age groups, new entitlements for fathers have been implemented and assumptions about gender roles are shifting, partly as a result of national attempts to mobilise the female workforce. However, the different employment patterns of women in Spain, Sweden, Germany and the UK indicate that not all governments have been equally successful in removing barriers to female employment.

Many Spanish mothers still remain outside the labour market; British and German mothers continue to work mainly part-time; while Scandinavian women often work full-time during periods of child rearing. An important reason is the national variations in parental leave entitlements, social transfers and levels of care services in the four countries, which still are distinct despite recent work-life balance reforms in Spain, Germany, the UK and Sweden. Sweden continues to have the most generous system in terms of such services while the childcare services in Germany and the UK lack behind and the social transfers are poorly in Spain and the UK compared to Germany and Sweden. Similarly, equal opportunities policies such as social rights to parental leave, elimination of gender pay gaps and gender segregation as well as gender mainstreaming are most advanced in Sweden. Paternity leave is still not a statutory right in Germany while new paternity rights have been implemented in Spain, the UK and most generously in Sweden. The UK has hardly addressed the problems of gender pay gaps and gender segregation, while such issues have to some degree dominated the Swedish, German and Spanish political agenda.

Despite recent attempts to advance social justice by promoting equal opportunities policies for men and women in the labour market and informal care sector, such policies has received much less attention than work-life balance issues. Policy in this area is mainly driven by economic concerns and in practice limited by them. Opposition to reforms has come mainly from employers and to some extent right wing

parties, partly because of traditional attitudes regarding gender division and partly due to financial concerns. The net result is that across most of Europe the shift is from a single earner to an one and a half rather than a dual earner society, and that women do not enjoy effective equality in work with men.

The structure of the national political systems enabled the British New Labour to ignore parliamentary opposition. The success of the German, Swedish and, to some extent, the Spanish government in adopting equal opportunities policies depended on compromise and support from the opposition due to their national traditions and political systems. The opposition of employers were more difficult for national governments to ignore, and was particularly important for the introduction of new social rights for men and women, the proposed improvements of financial incentives for fathers to take a more active role in childcare and the gender equality policies. The political debate indicates that a change of key actors' perception of gender roles proves crucial to implement new women-friendly policies, as powerful actors can prevent new reforms from being adopted if they oppose them. In general, policy in this area can be seen as subject to slow shift towards the provision of a more women-friendly work-life balance, but remains limited in relation to equal opportunity issues. As in employment, it is the economic concerns that dominate the agenda. There are substantial national differences, and the important role of employers' groups is again highlighted.

Thus in general, the development of a new paradigm at the politico-economic level fits with the emergence of new policies in the fields of employment, equal opportunities and work-life balance. The analysis of policy process supports four overall conclusions:

1. At the level of social policy, the paradigm does not replace traditional policies, but operates in tandem with them;
2. The role of new ideas in advancing a new paradigm is secondary to that of economic factors;
3. The interaction of political actors within the constraints and opportunities of different systems plays an important part in accounting for national differences;
4. Among the policy actors, employers' groups and business play an increasingly important role.

4. Conclusions and Policy Implications

The policies currently developing in relation to employment, family life and issues of work-life balance reflect the new 'loose monetarist' paradigm at the politico-economic level. Their emergence is influenced by the context of welfare state regime and national polity. The policy actors involved differ significantly from those typically seen as most important in the expansionist phase of the welfare state. Ideas and discourse do not themselves play a dominant role. Current changes involve the emergence of a new approach to social policy (which may be termed a 'new social risk paradigm' alongside the traditional approach, rather than replacement.

4.1 The Institutional Context

Institutions are conveniently thought of in terms of the extent to which constitutional structure (in the broadest sense, including informal frameworks of interaction with social partners and the role of religion and political culture as well as the legislature, executive and judiciary) promotes consensus or majoritarian decision-making, and the extent to which different groups are able to promote their own interests at the policy level (Lijphart, 1999, ch.1). Relevant policy actors, in addition to political parties and local and national governments are the social partners (with their interests in national economic competitiveness, in labour costs and business regulation and in the working conditions of union members), the groups representing those most affected by new social risks and new social risks-bearers themselves as a political force.

Neither employers nor unions present a united front in relation to new social risks. Some industries are in greater need of skilled employees than others, and unions may represent groups in different industries or with a different balance of older employees (for whom the old social risks concerned with health, retirement and pensions predominate) and younger employees (closer to new social risks). Some employers' groups in Germany, Spain and the UK have campaigned for more child-care provision. 'Modernising' unions such as CFDT in France or Unison in the UK have assented to activation reforms such as PARE, PPE and RMA or the New Deal and the Single Gateway, while others, such as FO or the TGWU, have been more concerned to defend existing entitlements and work contracts.

New risk bearers themselves typically lack social and political influence. An indication of weak authority is that women are roughly half as likely to be managers, as third as likely to be members of national or the EU parliament, and about a quarter as likely to be senior civil servants or judges, compared to men in European countries, with rather higher levels of participation in Nordic countries (Eurostat 2002, charts 87, 91, 92, Table 8; see Bonoli, 2003). Their ability to exert electoral influence is limited by the fact that, for most people, exposure to new social risks is a transitory phase of the family life-cycle, concerned with child rearing, elder care or labour market entry, and the scope for political activity is further hampered by traditional assumptions about gender roles and informal care.

The polities we examine include the most majoritarian constitutional framework, the UK (where first-past-the-post voting, a weak second chamber, lack of an effective constitutional court or an independent regional tier of government and a closely controlled executive branch, confer exceptional authority on a highly centralised government), and Switzerland, where the highly-fragmented governmental system with a Federal council elected by but not subject to recall by a parliament which it

cannot dissolve, bicameralism, strong federalism and opportunities for voters to challenge legislation through referenda, lead to coalition and policy-making through the evolution of consensus. Between these extremes the institutions of other countries give different degrees of influence to social partners and other actors in relation to social policy.

Much welfare in Nordic countries is under central control and there is a high degree of public commitment to high quality social provision. Although the Social Democratic party has retained power for almost all the post-war period in Sweden, the conflict between the need to manage the pressures on social welfare and the obvious electoral punishment of governments that seek overt cuts has led to the lengthy negotiation of reform. In Finland, the recent coalitions have supported a similar tendency. In the corporatist countries, social partners have been influential in welfare policy-making and (in some cases) in the management of policy, so that even in France, with its high degree of centralisation and its presidential system, welfare policy solutions require extensive negotiations with employers and unions and are at present incomplete. In Germany the federal 'semi-sovereign' state has been forced to manage change gradually. In relation to labour market and pension policy the severe tensions of high unemployment and rising contributory costs, exacerbated by the pressures of reunification on public spending and of globalisation on the German economic model, led to a breakdown of the inter-party consensus over the direction of social policy during the 1990s. The search for a solution which will command adequate support is thus even more time-consuming. Proposed unemployment benefit and pension reforms are under active debate at the time of writing.

In Mediterranean Spain, the reform process has been shaped by the commitment to democratic conciliatory solutions resulting from the recent experience of authoritarian rule. The existing settlement is contained in the 1995 Toledo Pact between the main political parties and the social partners. The important role of regional government in spending and service provision has required further compromise in this area. At the EU level, policy-making is dependent on a slow process of negotiation between the various national actors. Once a policy is agreed, however, it is available as a resource for policy actors at the national level seeking to promote change or to develop new coalitions, as we argued earlier.

The constitutional frameworks of the European countries, apart from the UK, all contain multiple veto-points, so that reform processes tend to be slow and directed to the areas where change is easiest to achieve. The fact that a number of actors have interests in relation to new social risks opens up the possibility of alliances between different groups that render reforms possible, despite the weakness of the new risk bearers themselves.

4.2 Political Actors: Labour Market Reform

In relation to labour market policies, patterns of support have been more complex. The break-down of the neo-Keynesian paradigm in the 1980s and its replacement by a loose 'pragmatic monetarism', coupled with the experience of high unemployment and persistent long-term unemployment, and concerns about the position of European countries in increasingly competitive global markets, led to widespread dissatisfaction with existing affairs. Policy debates have often taken the need for change as their starting-point and centred on which reforms should be pursued. Employers' groups and centre-right parties have tended to promote the extension of negative activation,

with benefit entitlement closely linked to the active pursuit of work and 'make work pay' policies which hold down benefit levels relative to wages. Social democrats have promoted more positive activation, which supports entry into the labour market and the development of skills. One policy direction has been a tendency to revise labour market regulation in order to promote greater flexibility, especially in relation to the well-established job security and wage bargaining rights of corporatist and Mediterranean countries. The Swiss activation scheme achieved a compromise between employers and unions by including time limits to unemployment insurance benefit entitlement and releasing federal funds for cantonal ALMP measures at a time when the finance of the scheme was in jeopardy as a result of rising unemployment.

In Nordic countries the strong endorsement of existing ALMP systems means that debates are about future reforms rather than current developments, but employers' associations have argued for greater labour market flexibility, accepting the likelihood that this would lead to enhanced income inequality. In France, and particularly Germany, the encouragement of jobs outside the existing pattern of regulation has been pursued. In both countries, benefit reforms following a logic of 'make work pay' rather than of replacement income have been introduced, and benefit entitlement has been linked more closely to the active pursuit of work. In the former case, the role of a modernising union (the CFDT) and the employers' association, MEDEF, has been important in enabling labour market and benefit reform to take place as a result of the campaign for a more active *refondation sociale*. In Germany, splits within the key actors (business, experts and the major political parties) coupled with the strong opposition of trade unions, diluted and delayed reform of the less regulated 'mini-job' sector and the expansion of subsidised low-wage jobs in the 1990s. A gradual shift to *Fördern und Fordern* (carrot and stick) policies has taken place during the last decade, but all parties agree that the reform process is incomplete. Proposals for a unified benefit scheme for all long-term unemployed, which would be more directive, means-tested and tax-financed are currently before parliament.

In the UK, the New Labour government is able to impose a policy reform agenda which combines positive and negative activation, both policies highly targeted. Shifts in the position of trade unions, which initially opposed any dilution of social insurance-based unemployment benefits, but favoured the more positive activation of New Deal and the Minimum Wage, and of employers (concerned about extra spending, but reassured by government commitments on taxation, by the low level at which minimum wage was set and by upskilling policies) enabled these reforms to proceed.

In Spain, the chief direction of reform since 1994 has been towards greater labour market flexibility. An agreement on the protection of part-time workers between government and unions was rejected by employers in 1998 and the right-wing Popular Party government implemented further deregulation of part-time work in 2001, despite opposition by the left and unions. One reason why central government has tended to focus on regulation issues may be that the regional level of government has become increasingly prominent in relation to assistance benefits. It was this tier that pioneered *Rentas Minimas* minimum income schemes between 1988 and 1995, with support from unions and in line with other EU countries and the expectations of the Maastricht Social Chapter. An attempt by central government in 2002 to introduce strong negative activation measures (including the debarring of those who did not take any job offered from the means-tested assistance benefit) failed after a general strike and opposition from unions and the left. Employers' organisations were divided on

the issue and the government accepted seven out of the eight modifications proposed by the unions.

4.3 Political Actors: Women and Paid Work

Social democratic parties have been at the forefront of support for policies which enable women to participate in paid work. In Nordic countries 'interaction between social democratic governments and strong women's movements, in the context of strong unions and favourable policy legacies ... has produced the strongest new risk policies in Europe' (Huber and Stephens, 2003, p.18). The recognition that gender equality could only be secured through equal opportunities in paid work was summed up in Olof Palme's speech at the 1972 Swedish Social Democratic Party conference (Hirdman, 1998, p. 41). In France, Germany and the UK the most vigorous expansion of childcare has taken place under social democratic governments, and in Switzerland social democrats consistently supported adaptation of the basic pension to women's career patterns, the introduction of maternity insurance and subsidised day-care. Other actors have adopted more complex positions. Christian Democrat parties in the corporatist countries have tended to favour policies which subsidise mothers who care for their children themselves, on the grounds that this supports greater choice in employment, with the result that the labour market participation of younger women (particularly those unable to command high incomes) is inhibited.

One crucial factor has been the response of employers. While employers' organisations tend to argue for constraint in state spending, their support for child-care has been significant in Switzerland and Germany. The employers' association that represents business and industry rather than finance capital in the UK (the CBI) has promoted greater state commitment to child-care under both Conservative and Labour governments. The slower emergence of the issue in policy debate in Spain may be due to a lack of employer interest occasioned by an over-full labour market.

Policies for long-term care have tended to develop according to a rather different logic, and one that did not focus so strongly on the labour market role of women. The policy debate emphasized generalised concern about the failure of the existing disability scheme to meet the needs of frail elderly people and at the provisions for recouping care costs from the inheritance of their children in France, the problem of resolving the increasing pressures on local finance from the local social assistance-based scheme in Germany, and the issue of bed-blocking in the NHS and popular concern about the costs of private care in the UK. Since the debates have not centred so strongly on the availability of women for paid work, the issue has been less salient in debate, for example, enabling the French government to ignore the calls of some unions for a social insurance scheme in 1997, and the UK government to disregard the 1999 Royal Commission recommendation for a national tax-financed scheme. In Spain, the complexities of negotiation between central, regional and local government have delayed reform, in the absence of articulated and effective pressure for change.

One explanation for the slower development of policy in this area is that the impact on women's capacity to take paid work and therefore the potential for gaining support from employers' groups and from working women is less marked. Fewer women of prime working age are likely to be engaged in substantial elder care than in meeting child-care needs. In Europe, only 36 per cent of women aged between 20 and 49 who care for a child are in full-time work as against 57 per cent of non-carers.

Corresponding figures for 50-64 year old women caring for a frail relative are 19 and 27 per cent, so the potential for freeing workers is less (Eurostat 2002, A.20, 21).

4.4 Political Actors: New Risks resulting from Welfare State Reform

Since the reform of old risk social policy is a continuing process, the implications of such changes for the generation of new social risks and for political responses are at present uncertain. The most important area appears to be pension reform, and here the changes are potential rather than actual. New policies, driven by concern about the costs of demographic shifts, may impose new risks, particularly on those who are most vulnerable in the labour market. Pension reform has involved government, social partners and the mass public, who hope one day to have access to adequate, secure pensions, and also important interests from the private pension industry. The issues crosscut the traditional politics of old social risks, and the considerations of cost containment, personal responsibility and contribution to labour market flexibility that characterise debates about new social risks.

In corporatist countries, reform has been slow, and is at present unresolved, due to problems in achieving a viable compromise solution between the interests of the various actors. In France, public sector unions were able to halt a restructuring of their pensions proposed by the Juppé government in the mid-1990s, and careful negotiations have been necessary to permit the introduction of a more limited and as yet incomplete reform programme. In Germany, a series of measures designed to resolve pension issues have been implemented, in each case leading to reforms that required yet further legislation within a few years. In both countries governments of the centre-left have been able to move further in introducing spending cuts and encouragement to the private sector than those of the right. In the Swiss case, pension reform has proceeded through compromises that trade off the established interests of a policy actors, most importantly business and trade unions.

The leading Scandinavian country, Sweden, achieved a settlement through lengthy negotiations between political parties, civil servants and expert advisers. The fact that the social partners were excluded from these negotiations appears to have helped those involved to agree on a solution that balances a reform to the state scheme (which contains costs) with a modest funded private scheme, designed to provide additional retirement incomes. In Spain the pension settlement of the Pact (1995) was restated in 2003, and appears to have been achieved in a context where the pressures on pension spending were less severe than elsewhere. Nonetheless, current debates indicate that a move towards private pensions is likely, and this may lead to greater vulnerability for those without good employment records in a more flexible labour market.

The liberal bias of the New Labour government in the UK has made it difficult to resolve the conflict between commitment to market freedoms for employers and citizens, with a strong ideological emphasis on personal responsibility, and the desire to produce secure well-regulated pensions, in a context where the interests of a powerful financial sector must be safeguarded. The UK constitutional framework allows government to make and implement policies rapidly, without extensive consultation. However, despite a series of consultations and independent reports, no settlement in the area of pensions appears likely in the immediate future.

The new social risks that emerge in these contexts concern those who are less well protected, typically because their work records do not give them entitlement to good pensions. The problems of labour market flexibility appear likely to be most severe in Spain, but issues surround the development of mini-jobs in Germany and the capacity of the private sector to provide good coverage for such groups in the UK. A secondary concern is the impact of pension privatisation, and the extent to which this transfers risk directly to the individual. The politics of pension reform has mobilised a wide range of political actors but the minorities most likely to be directly affected by new risks nowhere exert influence. The entrenched interests of the more powerful actors among the social partners have delayed reform and ensure that pension restructuring remains incomplete in all of the countries studied. The Swedish solution is again the exception, in that reforms that seem least likely to generate new risks have been developed through a process in which the social partners did not have a strong role. The capacity of different welfare states to generate (with considerable labour) new policies to manage the problems of old risk provision - which is often taken to indicate resilience to current pressures - in fact appears likely to generate new risks for particular groups of citizens.

4.5 New Social Risks - A New Departure alongside the Traditional Paradigm

New social risk reforms are able to make headway in European countries, despite the fact that new social risk-bearers are themselves a relatively weak political force. Reform processes depend in most cases on the programme favoured by the political actors who are able to exert an influence. The capacity to make such compromises depends on institutional structure and on the interests mobilised around the particular issue. The fact that the welfare state settlements based on old social risk interests are vulnerable to modification indicates that systems which have sometimes been seen as 'immovable objects' admit shifts in the positions of relevant social actors and the emergence of new policy paradigms. It is these shifts, and sometimes splits, within the established groupings of actors that are of particular importance in the development of new social risk policies.

4.5.1 Realignments of Policy Actors

In the UK context, the crucial shift has been the change in position of the Labour party, from commitment to a traditional welfare state (which provided national insurance benefits, modified Keynesian support for employment and allowed child-care to remain a private issue) to a 'modernised' settlement, which included both positive and negative activation policies and highly targeted support for child and elder care costs. This enabled alliances to be formed with some groups in business, particularly over child-care and activation, and precipitated a shift in the position of leading unions who were otherwise excluded from political engagement within the majoritarian centralised institutional framework. The Liberal context shaped reforms within a targeted and market-centred approach, but the peculiar dominance of the party of government in the UK context plays a major role in the scale and rapidity of reform in all areas except pensions.

In the Corporatist countries reviewed, a shift towards the construction of new social risk welfare systems alongside the traditional social insurance structure has emerged. Institutional framework has clearly played a role. The more centralised polity of France, with its particular roles for the social partners in the social insurance system and its traditions of citizenship and of commitment to support for women workers, has

developed a tax-financed arm of the welfare system based on the discourse of *national solidarité*, but has found difficulty in carrying through a coherent package of labour-market reform. In Germany, the more consensual institutions and multiplicity of veto points have slowed reform and facilitated a greater role for social insurance institutions. In both cases, realignments of social actors have been important, in the role of modernising unions and employers' representatives in France and of the failure to rebuild consensus among the key actors on the desired direction of change in Germany. Attempts to construct agreement around the 1998 tripartite 'Alliance for Jobs' did not succeed. New policies (Agenda 2010) build on the strategy of local Job Centres, more regulatory benefit reform and modest deregulation proposed by the Hartz Commission. In Switzerland, the high degree of consensus required for successful reform has led to more limited changes. The difficulty in finding a middle ground between the actors is indicated by the fact that innovations to meet new social risks have tended to originate outside the traditional pattern of government commissions.

In Spain, the relations between central and regional levels of government as well as between social partners and parties, and the opportunities for mobilisation around particular issues, have produced new opportunities for reform. Regional government has been able to carry out innovative reforms with the support of the left-wing political parties and unions (as in the case of assistance), but not independently (as in the case of long-term care). In recent years, central government allied with employers' groups has promoted deregulation, but found it more difficult to implement negative activation policies in the face of vigorous opposition by the unions. In the Nordic countries, an enduring consensus that government should enable all citizens to contribute as workers has led to extensive new social risks provision, so that attempts to cut services, curtail spending or introduce more negative activation are largely unsuccessful.

4.5.2 Power Resources and Policy Communities

Accounts of welfare reform are based on two broad models - 'power resources', which stresses the capacity of social interests to promote policies which they believe will best serve their interests, and approaches which stress the importance of groupings of social actors as the driving force behind change. The latter tend to focus on the role of policy communities, issue networks, advocacy coalitions, discourse coalitions and similar associations, often enabled by normative entrepreneurs, in negotiating, developing and promoting common ideas (for a brief review of literature on 'groups at the centre of policy construction', see Schmidt, 2002, p.211). Analyses then consider how the ability of either interests or actors is influenced by political institutions, welfare state regimes, policy feedback, government action and so on (Pierson, 2001; Esping-Andersen, 1990; Skocpol and Amenta, 1986; Hecló, 1974).

These perspectives correspond loosely to materialist and idealist epistemologies and tend to develop in different contexts. The power resources model originated among analysts of Nordic welfare states (Korpi, 1983; Huber and Stephens, 2001, p.17), where developments have been shaped by struggles to reduce class and gender inequalities in a universal welfare citizenship. Approaches which centre on the interaction of key actors reflect the way in which policy evolves in systems with a broader range of power-holders, such as the corporatist European countries, the US and the EU (Richardson, 2001, pp 7-11). From the former perspective the chief

political constraint on new social risk policy-making is the lack of specific mobilised power-resources. Unskilled would-be labour market entrants and those whose lives are dominated by care responsibilities are not well-organised to exert political power. The alliances between an organised working class (to some extent in collaboration with middle-class interests) that have been seen as driving change in industrial welfare states (Baldwin, 1990) are not available. From the latter, the difficulty lies more in identifying how reforms that affect new social risks can enter the policy discourse or in tracing the process whereby support from more powerful actors is negotiated (Wallace and Wallace, 2000, ch. 3). Both approaches focus on linking new social risk-bearers to other groups.

The review above indicates that new social risk policies in relation to labour market reform, equal opportunities, child-care and the new pension policies that impose particular risks on some groups, have developed primarily as a result of the power resources and negotiating capacity of more influential political actors than the actual risk-bearers have been brought to bear. Political conflicts over the direction of policy continue. The outcomes so far appear to be labour market reforms that combine in different degrees commitments to negative incentive-based activation and deregulation, chiefly supported by the right and employers, and training and opportunity policies supported by social democrats, with no dominant overall pattern. The pattern of reform is clearly influenced by the old social risk policies that compose the regime type. However, even in Corporatist countries with multiple veto-points in policy-making and high levels of union influence, reforms that cut back the systems of secure income replacement benefits established in the 'golden age' of the welfare state have been implemented, alongside the expansion of activation spending documented in Table 4.3. Responses to new social risks entail new directions in specific policy areas within the old risk welfare states.

The expansion of child-care and of policies designed to promote paid work and to advance more equal opportunities, shows that new social risks provide a context in which European welfare states are pursuing the mobilisation of those who encounter difficulty in gaining access to paid work alongside the provision of traditional services and benefits to meet old social risks. It is not surprising that the Nordic countries, where support for the worker-citizen is a central policy objective, lead Europe in new risk policy-making, nor that new social risks are seen by the EU as a relatively undeveloped area, in which policy leadership can be offered and through which a trans-national agency can seek to increase its contact with the lives of ordinary citizens.

New risk reforms have tended, with some exceptions, to follow the pattern of old social risks provision, and lead to the readjustment rather than the restructuring of welfare state regimes. Institutional structure makes a difference in facilitating or delaying change, and channelling it in particular directions, and in providing particular opportunities for compromise or for alliance between political actors. New social risk policies do not in themselves generate a new paradigm of welfare, nor do they lead to a new welfare state politics. They are rather to be seen as a modification, but one which contradicts the view that European welfare states face insuperable problems in adapting to new welfare needs. There are some indications that success in dealing with the problems that face traditional welfare states may itself generate further new risks among those who fare least well in more flexible labour markets.

The emphasis on mobilisation into paid work through activation fits with the shift away from neo-Keynesian full-employment economic management in overall policy paradigm. The greater salience of work-life balance issues also reflects women's involvement in paid work. It is in employment-centred issues that new social risk policy has made the strongest headway within the constraints of the various regime types. The fact that equal opportunity policy has made slower progress reinforces the point.

EU pursuit of the Open Method of Co-ordination recognizes and acquiesces in these differences. The real progress in policy innovation indicates that the future of European welfare states continues to surprise and can be summed up neither in terms of the bleakness of a 'retreat to austerity' nor the intransigence of a 'frozen welfare landscape'. However, the influence of social actors other than those directly experiencing the new risks (most importantly, employers and business) highlights the importance of including a broad range of participants in consultation and in decision-making.

4.6 Main Conclusions

Our analysis leads to five main conclusions:

1. Internal rather than external pressures continue to be of greatest importance in influencing welfare state reform processes across Europe. Needs associated with the new social risks of the transition towards a post-industrial society are emerging alongside traditional social needs. Policy responses are shaped primarily by regime differences, but some convergence is taking place in specific areas.
2. Attention to new social risks is a key element in the shift away from welfare state policies loosely based on neo-Keynesianism and towards a modernising paradigm in social policy. This approach stresses the pursuit of welfare goals via mechanisms which promote labour market flexibility, enhance human capital and expand individual opportunities. It is understood to link economic and social goals in a 'virtuous circle' and to match the direction of current economic and social change.
3. The politics of welfare state reform to meet new social risks differs from that in more traditional areas. Old social risks directly affect the interests of substantial groups in the electorate, but new social risks tend to exert immediate impact on minorities. Social partners and, particularly, employers, are especially important in new social risk policy-making, and 'modernising coalitions' between political parties and groups drawn from the social partners are often important. Since actors other than the immediate new risk bearers are heavily involved in reforms, outcomes tend to reflect the interests of such actors to a greater extent than is typically the case with old social risks.
4. The EU has strong opportunities to involve itself in the new policies, particularly in relation to changes in labour markets and to women's access to and position in paid work, because activity at national level in these areas is less well developed, and national policy actors have not developed entrenched positions.

5. Progress in these areas is difficult to achieve since the balance of interests involved is typically complex. While it is difficult to establish whether the EU's Open Method of Co-ordination in social policy has a strong impact, it contributes legitimacy resources to particular actors and advances issues on the political agenda. It should therefore be pursued and expanded.

4.7 Policy Implications and Recommendations

This discussion leads to six policy recommendations:

7. The EU should seek to promote dialogues at which social partners and other policy actors can negotiate compromises, in view of the processes highlighted in the second conclusion. Directives on social dialogue contribute to this, but more could be done at the European level.
8. The risk bearers themselves should be directly involved in this dialogue, so that their contribution, as well as that of business, employers, unions and politicians can shape proposals (see the second and third conclusions).
9. The EU should also continue to pursue OMC policies vigorously and strengthen them by requiring national governments to consult social partners on issues and targets, for the reasons given in the third and fourth conclusion.
10. Enlargement requires the EU to engage with more diverse policy actors. For this reason, the above recommendations, and particularly the strengthening of arrangements for dialogue and for the conduct of OMC negotiations should be pursued vigorously.
11. The EU should investigate why the OMC does not receive more attention from policy actors working in the relevant areas at the national level.
12. Employed carers of frail older people do not have entitlements to paid leave analogous to those available to parents. The EU should consider proposing the introduction of such arrangements as part of the EES.

5. Dissemination and Exploitation of the Results

Dissemination has been directed at two main audiences: academics and researchers interested in the development of European welfare states and policy-makers at national and European level. It has been achieved by:

5.1 Website

We have made the working papers of the projects (including the country reports and the policy maps based on the interviews and policy analysis), the deliverables, annual reports, 'state of the art' paper and the papers from the five project conferences available on the project website at www.kent.ac.uk/wramsoc. This is our main means of dissemination of raw material to academic and policy communities. The site is currently (December 2004) receiving nearly 3,000 hits a month, about two-thirds accessing papers available for downloading. The Spanish, Swiss and Finnish teams also maintain websites – see <http://www.bbw.admin.ch/>, <http://www.aramis-research.ch/>, www.iesam.csic.es/proyecto/wramsoci.htm, and <http://www.soc.utu.fi/>.

5.2 Conferences and Conference Papers

The project's Berlin conference (23-24 April, Humboldt University) presented preliminary findings to an invited audience of leading European and US academics (including Ellen Immergut, Jane Lewis, Peter Hall, August Oesterle, Karl Hinrichs, Michael Hill, Valerie Fargion, Mary Daly, Jochen Clasen, Günther Schmid, Martin Kohli, Claus Offe and Paul Pierson).

The pre-conference session at the 2004 annual ESPAnet conference at the University of Oxford on 9-11 September presented summary papers of our main findings to an academic and policy audience, including invitees from DG Research and the DG for Employment and Social Affairs. 150 copies of a printed summary of key findings were distributed and the conference material was made more widely available through our website.

A full list of conference papers based on project material given by participants in the project is given in Section 7. Project members presented at most major relevant conferences during the life of the project, including ESPAnet, COST A15, ECPR, ISA RC19 and the Conference of Europeanists. These are directed mainly at academic audiences.

5.3 Publications

Project members have published a large number of articles based on project work and further articles are undergoing review or in press. The project books are collaborations, based on ideas and analyses developed collectively in project meetings. *New Risks, New Welfare* discusses the work on the development of new social risks and how it affects the development of welfare state policy-making in Europe. *Ideas and Welfare State Reform in Western Europe* deals with the role of ideas and discourse in relation to policy-making and analyses the progress of the modernisation paradigm in social policy in the context of different European welfare states.

5.4 Follow-up

The project participants will continue to use the project material in their work. The typescript for the second project book has been accepted by the publisher and will be published later in 2005. Other continuing work includes:

- Andreas Aust will participate in the international research project 'Arbeitsgesellschaft und industrielle Demokratie in Europa' (www.node-research.at).
- Frank Bönker is completing a book on policy change and policy learning in the field of pensions and long-term care in Germany (Habilitation).
- Hellmut Wollmann and Frank Bönker will participate in an international research project on public service delivery in France, Germany and Italy, directed by Hellmut Wollmann and Gérard Marcou and financed by the German Research Foundation (DFG).
- Giuliano Bonoli has submitted a research proposal to the Swiss National Science Foundation 'Adapting western welfare states to new structures of social risk'. This builds on the research carried out in the WRAMSOC project.
- Bruno Palier currently has a paper under review for an academic journal.
- The University of Kent group currently have two papers under review for academic journals.
- Trine Larsen is reanalysing and expanding WRAMSOC interview material for a PhD entitled 'Policies for Working Families Caring for Older People – a Neglected Agenda', to be submitted in September 2006.
- The Spanish team is engaged in the REBAAC ('Reform in the Welfare State: Actors' and Citizens' Support' research project: (www.iesam.csic.es/proyecto/rebaac-en.htm), which is funded by the Spanish Ministry of Education and Science and which draws on WRAMSOC findings. The object of the REBAAC project is to analyse reforms in the Spanish Welfare State. The analysis concentrates on public perceptions of new challenges and social risks from external factors, such as Europeanisation, globalisation and the internationalisation of the economy, and internal factors, including changes in value-systems, demographic transitions, new roles for women, transformations of the labour markets or integration of immigrants. The research will contribute to the continuing political debate about future trends for welfare development in Spain and about the consolidation of the European model of social protection.

6. Acknowledgements and References

6.1 Acknowledgements

This project was a collaborative effort, and we wish to acknowledge the efforts of all the national team members (Ana Arriba, Andreas Aust, Giuliano Bonoli, Frank Bönker, Anne Daguerre, Benoit Gay-des-Coombes, Johannes Kananen, Olli Kangas, Trine P. Larsen, Lou Mandin, Luis Moreno, Bruno Palier, Peter Taylor-Gooby, Virpi Timonen, Helmut Wollmann), the contribution of Professor Karl Hinrichs, who gave unstintingly of his time to advise us on our work, and of Professor Vivien Schmidt, the support of the EU and, perhaps most important of all, the 250 politicians, representatives of trade unions, business, lobby groups and non-governmental organisations, journalists and academics who participated in detailed interviews and provided our base material.

6.2 References

- ABI, 2002 What makes people save? Research Report, Association of British Insurers, London.
- Adema, W (2000) 'Revisiting Public Expenditure Across Countries', *OECD Economic Studies*, no 30, 2000/01, pp 191-6.
- Baldwin, P (1990) *The Politics of Social solidarity*, Cambridge University press.
- Blair T. (1999), 'Beveridge revisited : A Welfare State for the 21st century', in Walker R. (ed.), *Ending Child Poverty: Popular welfare for the 21st century ?*, Bristol : Policy Press.
- Bonoli, G. (2001), " Political Institutions, Veto Points, and the Process of Welfare State adaptation", Pierson, P. (eds.), 2001, *The New Politics of the Welfare State*, Oxford University Press: Oxford, pp. 238-264.
- Bonoli, G. (2003) 'Two Worlds of Pension Reform in Western Europe' *Comparative Politics*, July.
- Bonoli, G (2004) 'Modernising welfare states. Explaining diversity in patterns of adaptation to new social risks' presented at the WRAMSOC Berlin conference, Humboldt University, 24 April.
- Bonoli, G. and Powell, M. (2002) 'Third ways in Europe?', *Social Policy and Society*, vol 1 no 1, 59-66.
- Butler, D. and Kavanagh, D. (1997) *The British General Election of 1997*, Macmillan
- Aust, A. (2003): Labour Market Policy, Social Assistance and Women's Employment. Working Paper, WRAMSOC. Available on www.kent.ac.uk/wramsoc
- Cantillon, B., Ghysels, J., Mussche, N., and van Dam, R. (2001) 'Female Employment
- COM (1994) 333 final, *European Social Policy- A way forward*, European Commission: Brussels.
- COM (1993) 551final, *European Social Policy - Options for the Union*, European Commission: Brussels.
- Darling, A. (2002) 'Interview with the Secretary of State', *Pioneer*, 7 January.
- Differences, Poverty and Care Provisions' *European Societies*, 3 (4), 447 -69.
- Castles, F (2003) 'The world turned upside-down', *Journal of European Social Policy*, 13, 3, 209-27.
- Commission on Social Justice (1994) *Social Justice, Strategies for Social Renewal*, London, Vintage Books.
- DSS, 1998, *Welfare Reform Focus Files*, HMSO, London.

Chalmers, D and Lodge, M (2003) 'The Open Method of Co-ordination and the European Welfare State', CARR, LSE, discussion paper no 11.

Daguerre, A. and Palier, B. (2001) 'Welfare Systems And The Management Of The Economic Risk Of Unemployment, The French Case', Roneo, CEVIPOF.

Daly, M. (2000) 'Women's Labour Market Participation', in Scharpf and Schmidt, Welfare and Work in the Open Economy, Vol. II, Oxford University press, Oxford.

Duisenberg, W. (President of the European Central Bank - 2002), 'Testimony before the Committee on Economic and Monetary Affairs of the European Parliament: [Introductory Statement](#)', Brussels, 21 May.

EC (2002), Council Decision of 18 February 2002 on guidelines for Member States' employment policies for the year 2002. EC, Brussels.

Eironline (1998) The Parental Leave Framework Agreement/Directive, European Foundation: Brussels.

Esping-Andersen, G. (1990) Three Worlds of Welfare Capitalism, Polity press, Cambridge.

Esping-Andersen, G. (1996) Welfare States in Transition, Sage, London.

Esping-Andersen, G (1999) The Social Foundations of Post-industrial Economies, Oxford University Press: Oxford.

Esping-Andersen, G. (2002) Why We Need a New Welfare State, Oxford University Press: Oxford.

EU (1998) The 1998 Employment Guidelines: Council Resolution of 15.12.97, Council of the EU.

EU(2002a), Social Protection in Europe 2001, Employment and Social Affairs, Brussels.

EU (2002b) Impact Evaluation of the European Employment Strategy (technical analysis supporting COM 416, Employment and Social Affairs.

EU (2002c) Taking Stock of Five Years of the EES, Com 2002/416 Final.

EU (2002d) Employment in Europe, 2002, Office for the Official Publications of the EC, Luxembourg.

EU (2002e), Impact Evaluation- Equal Opportunities, European Commission, Brussels.

EU (2003) Social Policy in Europe Com (93) 551, DHEIRSA, Brussels.

Eurostat (2000) Persistent Income Poverty in the EU, Statistics in Focus, 3: 13/2000.

Eurostat (2002) The Life of Women and Men in Europe, 1980-2000, Office of Official Publications of the EU, Luxembourg.

Eurostat (2003a), Social Protection, 1991-2000

Falkner, G. & Treib, O. (2003) 'The EU and New Social Risks: The Case of the Parental Leave Directive'. The Politics of New Social Risks Conference, Lugano, Switzerland, 25-27 September.

Ferrera, M. (1993) EC Citizens and Social Protection, CEC, VE2, Brussels.

Ferrera, M. (1996) 'The Southern Model of Welfare in Social Europe', Journal of European Social Policy, 6, 1, 17-37.

Ferrera, M. and Rhodes, M., (2000), "Building a Sustainable Welfare State", West European Politics, 23 (2), pp. 257-282.

Gallie, D. (2002) 'The Quality of Working Life in Welfare Strategy', in G. Esping-Andersen Why we need a new Welfare State, Oxford, Oxford University Press.

Gallie, D and Paugam, S (2000): 'The Experience of Unemployment in Europe: The Debate. In Gallie, D and Paugam, S(eds.): Welfare Regimes and the Experience of Unemployment in Europe. Oxford: Oxford University Press.

Geyer, V. (2001), Exploring European Social Policy, Polity Press, Cambridge.

Giddens, A. (1994) Beyond Left and Right, Polity Press, Cambridge.

- Hall, P. (1993), "Policy paradigms, Social Learning and the State: The case of economic policymaking in Britain", Comparative Politics, April 1993, p. 275-276.
- Heclo, H. (1974) Modern Social Politics in Britain and Sweden, Yale University Press, New Haven.
- Hemerijck A and Visser, J (2000) 'Change and immobility: three decades of policy adjustment in Belgium and the Netherlands' in Ferrera, M and Rhodes, M West European Politics, vol 23, no 2, special issue, pp229-56.
- Hemerijck, A. (2002) 'The self-transformation of European social models' in Esping-Andersen (ed.).
- Hinrichs, K (2001) 'Elephants on the move', in S.Leibfried (ed.) Welfare State Futures, Cambridge, University press, Cambridge.
- Hirdman, V. (1998) 'State Policy and Gender Contracts: Sweden' in E. Drew, R. Emerek, and E. Mahon (eds.) Women, Work and the Family. Routledge, London, 36-46.
- Huber, E and Stephens, J (2001) Development and Crisis of the Welfare State, Chicago University Press, Chicago.
- Huber, E and Stephens, J (2003) Determinants of Welfare State Approaches to Old and New Social Risks, paper given at the ISA RC19 conference, Toronto, August.
- Jaeger, M. and Kvist, J (2003) 'Pressure on state welfare in post-industrial societies', Social Policy and Administration, vol 37, no 6, pp. 555-72.
- Jessop, B (2002), The Future of the capitalist State ,Polity Press,Cambridge.
- Larsen, T.P. & Taylor-Gooby, P (2004), 'New Risks at the EU level; A Spillover from Open Market Policies?' In Taylor-Gooby (ed.), New Risks, New Welfare: The Transformation of the European Welfare State. Oxford University Press, Oxford.
- Lijphart, A. (1984) Democracies: Pattern of Majoritarian and Consensus Government in Twenty-One countries, New Haven and London, Yale University Press.
- Lijphart,A.(1999), Patterns of Democracy:Government Forms and Performance in 36 Countries ,Yale University Press:New Haven and London.
- LIS (2004) Income Inequality Measures at <http://www.lisproject.org/keyfigures/ineqtable.htm>.
- Kaase, M. and Newton, K. (1996) Beliefs in Government, Oxford University Press, Oxford.
- Korpi, W. (1983), The Democratic Class Struggle, Routledge and Kegan Paul, London.
- Korpi, W. (1978), The Working Class in Welfare Capitalism, Routledge and Kegan Paul, London.
- Kuhn, T. (1970) The Structure of Scientific Revolutions, Chicago University Press, Chicago.
- Kuhnle, S. (ed. 2000), The Survival of the European Welfare State, Routledge, London.
- Labour Party, (1997), Because Britain Deserves Better
- Leibfried, S. and Pierson, P (2000) 'Social Policy' in Wallace H and W (2000) Policy-Making in the European Union, Oxford University Press, Oxford.
- Lewis, J. (ed., 1993) Women and Social Policies in Europe, Gower, Aldershot.
- Lintner, V. (2001) 'European Monetary Union' in Richardson (ed) European Union, Routledge, London.
- Mandin, C. and Palier, B. (2003) French Policy Map, presented at the WRAMSOC Madrid conference, September. Available on www.kent.ac.uk/wramsoc
- Matsanganis, M, Ferrera, M., Capucha, L and Moreno, L (2003) 'Mending nets in the South', Social Policy and Administration, vol 37, no 6, pp 639-55.
- McNamara, K. (1998) The Currency of Ideas: Monetary Politics in the European Union Cornell UP, Ithaca/London.

- Moreno, L. (2002) Mediterranean Welfare and 'Superwomen', Madrid UPC, Working Paper 02-02.
- Moreno, L & Palier, B (2004) The Europeanisation of welfare. Paradigm shifts and social policy reform. WRAMSOC working paper, presented in Berlin, April and Oxford September 2004.
- NPI/Rowtree (2003) 'Monitoring Poverty and Social Exclusion'.
- O'Connor, J. (2003) 'Measuring Progress in the European Social Model' paper given at the ISA RC19 conference, Toronto, August.
- OECD (1994) The OECD Jobs Study: Evidence and Explanations, Parts I and II. OECD Paris.
- OECD (1999) Employment Outlook. OECD, Paris.
- OECD (2000) Reforms for an Ageing Society, OECD, Paris.
- OECD (2001a), Social Expenditure Database, 3rd edition, CD-rom
- OECD (2001b) Labour Force Statistics, 1980-2000, OECD.
- OECD (2002) Employment Outlook, 2002, OECD Paris.
- OECD (2003a) Employment Outlook 2002
- OECD (2003b) OECD in Figures, 2003
- Oorschot, W. van (2000) 'Who should get what, and why', Policy and Politics, vol.28, no.1, pp. 33-49
- Orloff, A. S. (1993) 'Gender and the Social Rights of Citizenship: the comparative analysis of gender relations and welfare states', American Sociological Review, vol. 58, pp. 303-28.
- Ministry of Labour, Finland (2002): Impact of the EES. National evaluation of the effects of the European Employment Strategy in Finland. Helsinki, Ministry of Labour.
- Myles, J. (2002) 'A New Social Contract for the Elderly?' in G.Esping-Andersen Why we need a new Welfare State ,Oxford,Oxford University Press.
- Palier B. (2000) "Defrosting the French Welfare State", West European Politics, vol. 23, no 2, p.113-136.
- Palier B. (2001) "Reshaping the Social Policy-Making Framework in France", in Taylor-Gooby P. (ed.), Welfare States under Pressure, London: Sage.
- Palier, B. (2002), Gouverner La Sécurité Sociale, Paris, PUF, Le Lien Social.
- Palier B (2003) The Europeanisation of Welfare Reforms, paper presented at the Toronto conference of the ISA RC19, August.
- Pierson, P. (1994) Dismantling the Welfare State? Reagan, Thatcher and The Politics of Retrenchment, Cambridge, Cambridge University Press.
- Pierson, P. (1998) 'Irresistible forces, immovable objects: post-industrial welfare states confront permanent austerity', Journal of European Social Policy, 5, 4, 539-60.
- Pierson, P. (ed., 2001) The New Politics of the Welfare State, Oxford University Press, Oxford.
- Pochet, P. (1999) Monetary Union and Collective Bargaining in Europe, PIE Peter Lang, Brussels.
- Pochet, P (2001) Social Pacts in Europe: New Dynamics, ETUI/OSE.
- Rhodes, M (2001) 'The political economy of social pacts' in Pierson (ed.), The New Politics of the Welfare State, Oxford University Press, Oxford.
- Rees, T. (1998), Mainstreaming Equality in the European Union, Routledge: London.
- Richardson, J (2001) European Union, Routledge, London.
- Rubery, J., Grimshaw, D, Figueiredo, H. (2002) The Gender Pay Gap and Gender Mainstreaming Pay Policy in EU member States, Paper Prepared for the Equal Opportunities Unit, European Commission: Brussels.
- Sarfati, H & Bonoli, G (2002)(eds.): Labour Market and Social Protection Reforms in International Perspective: Parallell or Converging Tracks? Hampshire: Ashgate.

Siim, B. (1992), 'The Gendered Scandinavian Welfare States'. In J. Lewis (ed) Women and Social Policies in Europe, Edward Elgar, Aldershot.

Svallfors, S. and Taylor-Gooby, P. (1999) Responses to State Retrenchment: Evidence from Attitude Surveys, Routledge, London.

Scharpf, F, and Schmidt V. (2000, eds.), Welfare and Work in the Open Economy: Diverse Responses to Common Challenges, Oxford: University Press.

Schmidt, V. (2002) The Futures of European Capitalism, Oxford University Press, Oxford.

Skocpol, T. and Amenta, E. (1986) 'States and social policies', Annual Review of Sociology, vol 12.

Sveriges Riksdag, (2000), Anf. 133 Ulla-Britt Hagström (kd), 12 December, Snabbprotokoll: Stockholm.

Taylor-Gooby, P. (2002) Welfare States under Pressure, Sage, London.

Taylor-Gooby, P (2004)(ed.) New Risks, New Welfare: The Transformation of the European Welfare State. Oxford University Press, Oxford.

Taylor-Gooby, P (2005)(ed.) Ideas and Welfare State Reform in Europe. Palgrave, Basingstoke.

Timonen (2003): Unemployment in Finland and Sweden. WRAMSOC working paper. Available on www.kent.ac.uk/wramsoc

Timonen, V. (2004) 'New Risks – are they still new for the Nordic welfare states?' in Taylor-Gooby (ed) New Risks, New Welfare, Oxford University Press, Oxford.

Vidal I & Valls, C. (2002), The case of Spain. Changes in family structures and the development of social policies, Centre d'Iniciatives de l'Economia Social.

Wallace H and W (2000) Policy-Making in the European Union, Oxford University Press, Oxford.

6.3 Tables

Table 2.1 Social Spending (% of GDP) in EU countries between 1990-2000

	1990	1995	2000
Austria	24.1	26.6	26.0
Belgium	26.9	28.1	26.7
Denmark	29.3	32.4	28.9
Finland	24.8	31.1	24.5
France	26.6	29.2	28.3
Germany	22.8	27.5	27.2
Greece	20.9	21.4	23.6
Italy	23.3	23.0	24.1
Netherlands	27.6	25.6	21.8
Portugal	13.9	18.0	20.5
Spain	19.5	21.4	19.9
Sweden	30.8	33.0	28.6
United Kingdom	19.5	23.0	21.7
EU15	23.4	25.6	23.7

Source: OECD SocX Database

Table 2.2 Welfare state reform agendas (from Pierson, 2001, p.455)

	Liberal	Social Democratic	Conservative
Reform agenda	Re-commodification/ cost-containment	cost- containment/recalibration (rationalisation)	cost- containment/recalibration (updating)

Table 4.1: Trends in State Spending on New Social Risks (% GDP 1980-99)

	1980			1999		
	Services for elderly and disabled	Services for families	Active labour market support	Services for elderly and disabled	Services for families	Active labour market support
Nordic	1.77	1.60	0.88	2.73	1.78	1.67
Corporatist	0.46	0.38	0.13	0.75	0.74	1.14
Liberal	0.53	0.29	0.28	0.59	0.33	0.74
Mediterranean	0.08	0.04	0.02	0.25	0.37	0.47
EU-15	0.65	0.55	0.25	0.98	0.83	1.00

Source: calculated from OECD, 2001a

Table 4.2 Employment 2001

	Overall employment rate	Men's employment rate	Women's employment rate	Women's full-time employment rate	Long-term unemployment
Denmark	76	80	71	56	2.3
Finland	68	70	65	56	2.4
Sweden	75	77	74	53	1.1
Austria	68	76	60	44	0.8
Belgium	60	69	51	34	3.4
France	62	69	55	42	3.2
Germany	66	73	59	39	4.1
Netherlands	74	83	65	27	1.0
Switzerland	79	88	70	39	0.8
Greece	56	71	41	37	4.0
Italy	55	69	41	32	6.0
Portugal	69	77	61	52	1.6
Spain	59	74	44	37	5.8
Ireland	65	76	54	36	2.0
UK	71	78	65	32	1.4
EU-15	64	73	55	41	3.3
2010 Target	70		60		

Sources: Calculated from OECD (2003a) Tables B, D, E, G

Note: full-time means at least 30 hours a week; long-term means more than 12 months.

Table 4.3 Spending on Active and Passive Labour Market Measures (% GDP, 1997-2001)

	1997-98		2000-01	
	Active measures	Passive measures	Active measures	Passive measures
Denmark	1.66	3.83	1.56	3.00
Finland	1.40	2.56	0.95	2.02
Sweden	1.96	1.93	1.09	1.19
Austria	0.44	1.27	0.53	1.07
Belgium	1.22	2.64	1.30	2.18
France	1.35	1.84	1.31	1.65
Germany	1.27	2.28	1.20	1.92
Netherlands	1.58	2.52	1.58	1.86
Switzerland	0.77 ¹	1.10	n.a.	0.48
Greece	0.44	0.44	0.46	0.47
Italy	n.a.	0.86	n.a.	0.63
Portugal	0.77	0.83	0.61	0.90
Spain	0.70	1.40	0.73	1.33
Ireland	n.a.	n.a.	n.a.	n.a.
UK	0.38	0.78	0.36	0.56

¹ 1999 figure

Source: Calculated from OECD (2003a) Table H.

Table 4.4 Poverty and Inequality (ECHP, 1999)

	% population at risk of poverty, 1999	Inequality ratio
Denmark	11	4.2
Finland	11	3.4
Sweden	9	3.2
Austria	12	3.7
Belgium	13	4.2
France	15	4.4
Germany	11	3.6
Netherlands	11	3.7
Switzerland	-	-
Greece	21	6.2
Italy	18	4.9
Portugal	21	6.4
Spain	19	5.7
Ireland	18	4.9
UK	19	5.2
EU-15	15	4.6

Source: ECHP: EU, 2003b.

Notes: poverty line is 60% of median equivalised disposable income for the country; Inequality ratio is measured as the ratio of the total equivalised income of the top quintile to that of the bottom quintile.

Table 4.5 Women's Employment and Childcare

	% women aged 25-55 in employment, 2000			Share of part-time employment for women, aged 25-55, 2001	
	No children	1 child	2 children	All women	Those with a child under 6
Denmark	78.5	88.1	77.2	20.8	6.1
Finland	79.2	78.5	73.5	n.a.	n.a.
Sweden	81.9	80.6	81.8	n.a.	n.a.
Austria	76.0	75.6	65.7	24.8	50.4
Belgium	65.6	71.8	69.3	33.4	45.0
France	73.5	74.1	58.8	23.8	36.7
Germany	77.3	70.4	56.3	33.9	57.1
Netherlands	75.3	69.9	63.3	58.1	69.4
Switzerland	84.3	75.5	65.5	n.a.	n.a.
Greece	53.1	53.9	50.3	8.5	8.0
Italy	52.8	52.1	42.4	23.7	25.0
Portugal	72.6	78.5	70.3	14.3	11.0
Spain	54.6	47.6	43.3	16.6	19.4
Ireland	56.8	51.0	40.8	n.a.	n.a.
UK	79.9	75.6	64.7	40.8	66.4

Sources: Calculated from OECD (2003c) Social Indicators, 2002, SS4

Table 4.6 Social Security Contributions

	Employees' contributions, 2000 (% GDP)	Employers' contributions, 2000 (% GDP)	Social security contributions as % of total tax revenue	
			1992	2000
Denmark	1.9	0.3	4	5
Finland	2.2	8.9	22	24
Sweden	1.9	11.9	28	28
Austria	6.1	7.2	32	30
Belgium	4.4	8.5	36	28
France	4.0	11.2	44	34
Germany	6.5	7.3	38	36
Netherlands	8.1	4.7	38	31
Switzerland	3.9	3.9	36	23
Greece	6.2	5.2	31	30
Italy	2.3	8.3	20	25
Portugal	3.3	5.1	24	24
Spain	1.9	8.6	35	30
Ireland	1.3	2.7	13	13
UK	2.5	3.5	17	16
EU-15	4.0	6.5	27.3 ¹	25.3 ¹

Source: Calculated from OECD (2003b); OECD (1994).

Note: 1: EU-14 figures

Table 4.7: Spending On Labour Market Programmes (% GDP)

	France			Germany			UK			Sweden		
	1985	1990	2000	1985	1990	2000	1985	1990	2000	1985	1990	2000
Training	.26	.33	.25	.17	.34	.34	.07	.20	.08	0.50	0.53	0.31
Youth measures	.16	.20	.42	.03	.03	.09	.26	.17	.01	0.21	0.06	0.02
Subsidised Employment	.06	.09	.37	.15	.15	.25	.22	.02	.11	0.43	0.13	0.27
Measures for disabled	.05	.06	.09	.16	.21	.29	.03	.02	.14	0.73	0.74	0.52
Unempl. Compens.	1.18	1.29	1.38	.86	.63	1.90	1.74	.66	.02	0.88	0.88	1.33
Early retirement for labour market reasons	1.19	.55	.27	.00	.01	.02	.05	.00	.56	0.10	0.10	0.01

Source: OECD Socx database; OECD Employment Outlook 2002, statistical annex, Table H.

Table 4.8: Growth And Unemployment (%)

	France	Germany	UK	Sweden	EU-15
Economic growth 1992-2002 (av annual rate %)	1.9	1.3	2.8	2.2	1.9
unemployment 1992	9.5	5.6	8.4	5.6	8.7
2002	8.7	7.9	4.8	4.9	7.5
Youth (under 25) unemployment 1992	21	6	16	11	9
2002	20	10	11	13	8
% unemployed for 12 months + 1992	36	34	35	8.1	42
2002	34	48	23	21	41

Source: OECD Employment Observer 2003/Supp. 1 OECD in Figures

Table 4.9: Shifts at the Three Levels Of Policy-Making, 1990 to 2003

	Germany	France	Sweden	UK
Third level: goals	From passive support to activation	From passive support to activation	Goal remains inclusive citizenship	From market incentive activation to an up-skilled workforce
Second level: instruments	Integration of unemployment and assistance	Assistance benefits; PPE; PARE	Assistance benefits for young unemployed	New deal; single gateway; minimum wage; tax credit
First level: recalibration	Restrictions on entitlement to insurance benefits	Restrictions on entitlement to insurance benefits	Adjustments: level/payment period of insurance benefits	Holding down rates of out of work benefits to 'make work pay'

7. Output from the Project

Books

Taylor-Gooby, P. (2004, ed) *New Risk New Welfare: the Transformation of the European Welfare State*, Oxford: Oxford University Press:

- 1: New Risks and Social Change
Peter Taylor-Gooby
- 2: New Risks in a Conservative Welfare State: the case of Germany
Andreas Aust and Frank Bönker
- 3: The UK: a test-case of a liberal welfare state
Peter Taylor-Gooby and Trine Pernille Larsen
- 4: New Risks: are they still new for the Nordic welfare states?
Virpi Timonen
- 5: France: A new world of welfare for new social risks?
Bruno Palier and Christelle Mandin
- 6: Spain's Transition to New Risks: a farewell to 'superwomen'
Luis Moreno
- 7: Switzerland: negotiating a new welfare state in a fragmented political system,
Giuliano Bonoli
- 8: New Risks at the EU level; a spill-over from open market policies?
Trine Larsen and Peter Taylor-Gooby
9. New Social Risks and Welfare States: new paradigm and new politics
Peter Taylor-Gooby.

Taylor-Gooby, P. (2005 forthcoming, ed) *Ideas and Welfare State Reform in Western Europe*, Palgrave: London:

- 1: Ideas and Policy Change
Peter Taylor-Gooby
- 2: Paradigm Shifts, Power Resources and Labour Market Reform
Peter Taylor-Gooby
- 3: Policy Paradigms and Long-Term Care: convergence or continuing difference?
Virpi Timonen
- 4: The Myth of an Adult Worker Society: New policy discourses in European welfare states
Trine P. Larsen
- 5: Changing Ideas on Pensions: Accounting for differences in the spread of the multipillar paradigm in five EU social insurance countries
Frank Bönker
- 6: Towards Activation? Social assistance reforms and discourses.
Andreas Aust and Ana Arriba
- 7: Current Employment Policy Paradigms in the UK, Sweden and Germany
Johannes Kananen
- 8: The Europeanisation of welfare: paradigm shifts and social policy reforms
Luis Moreno and Bruno Palier

Book Chapters

- § Aust, A. (2003) 'From 'Eurokeynesianism' to the 'Third Way'. The Party of European Socialists and European Employment Policies', in Bonoli, G. and Powell, M. (eds.), *Social Democratic Party Policies in Contemporary Europe*, London: Routledge, 284-307.
- § Aust, A. und Leitner, S. (2004): ‚Zur sozialpolitischen Entwicklung in kleinen offenen Ökonomien: Österreich und Irland im europäischen "Regimewettbewerb" in Czada, R. and Lütz, S. (eds.), *Der Wohlfahrtsstaat*, Opladen: Leske + Budrich (i.E.).
- § Bönker, F. and Wollmann, H.(2001) 'Stumbling Towards Reform: The German Welfare State in the 1990s'. In P. Taylor-Gooby (ed.), *Welfare States Under Pressure* . London/Thousand Oaks/New Delhi: Sage, 75-99.
- § Bönker, Frank, Hellmut Wollmann, 2003: 'Von konservativen Wohlfahrtsstaaten, institutionellen Restriktionen und Reformwellen: Einige politikwissenschaftliche Überlegungen zu den gegenwärtigen Veränderungen im Bereich der sozialen Dienste', in T. Olk, H.U. Otto (eds.): *Soziale Arbeit als Dienstleistung: Grundlegungen, Entwürfe und Modelle*, München/ Unterschleißheim: Luchterhand, 28-44.
- § Bönker, Frank, Hellmut Wollmann, 2005: 'Public Sector Reforms and Local Governments in Germany: The Case of Social Policy', in: Vincent Hoffmann-Martinot, Hellmut Wollmann (eds.), *Comparing Public Sector Reforms in France and Germany*, Wiesbaden: VS.
- § Bertozzi, F. Bonoli, G. and Gay-des-Combes, B. *La réforme de l'Etat social suisse*, Lausanne, Presses Polytechniques et Universitaires Romandes, Collection Le Savoirs Suisse, in press.
- § Bonoli, G. and Gay-des-Combes, B (2004) 'Adapting pension systems to labour market changes in western Europe', in C. Bochel, N. Ellison, M. Powell (eds.) *Social Policy Review 15, UK and international perspectives*, Bristol, The Policy Press.
- § Bonoli, G. 'The politics of new social risks and policies', in K. Armingeon and G. Bonoli (eds.) *The Politics of Post-Industrial Welfare States*, London: Routledge.
- § Kananen, J., Taylor-Gooby, P. and Larsen, T. (2005) 'Public Attitudes and New Social Risks Reforms' in K. Armingeon and G. Bonoli (eds.) *The Politics of Post-Industrial Welfare States*, London: Routledge.
- § Moreno, L. and Arriba, A. (2003), 'L'esperienza spagnola dei redditi minimi', in Calza Bini, P.; Nicolaus, O. and Turcio, S. (eds.), *Reddito Minimo di Inserimento: Che fare?*, pp. 21-40. Rome: Donzelli.
- § Timonen, V. (2003), *Restructuring the Welfare State: Globalisation and Social Policy Reform in Finland and Sweden*, Cheltenham: Edward Elgar.

Journal Articles

- § Aust, A. (2003) ‚Von "Skeptikern" zu "Musterschülern"? Die Europäisierung der Sozialdemokratie‘, *ÖZP* 32, 3, 250-270
- § Aust, A., Leitner, S. und Lessenich, S. (2002): ‚Konjunktur und Krise des Europäischen Sozialmodells. Ein Beitrag zur politischen Präexplantationsdignostik‘ in: *Politische Vierteljahresschrift* 43: 277-303
- § Aust, A., Leitner, S. und Van Dyk (2003), ‚Beschäftigungspolitische Vorbilder? Irland, die Niederlande und Österreich im Vergleich‘, *Zeitschrift für Sozialreform*, 2:216-249.
- § Bönker, Frank, Hellmut Wollmann, 2004: ‚Le rôle changeant des collectivités locales dans l'état social allemand‘, *Revue Française des Affaires Sociales* (4).
- § Bonoli, G. (2005) ‚The politics of the new social policies. Providing coverage against new social risks in mature welfare states‘, *Policy and Politics*, forthcoming.
- § Daguerre A. and Taylor-Gooby, P. (2004) ‚Neglecting Europe: Explaining the Predominance of American Ideas in New Labour's Welfare Policies since 1997‘, *Journal of European Social Policy*, 14:1, 25-39.
- § Daguerre, A. (2004) ‚Importing Workfare: Policy Transfer of Social and Labour Market Policies from the USA to Britain under New Labour‘, *Journal of Social Policy and Administration*, 38:1, 41-57.
- § Daguerre, A. and Taylor-Gooby, P. (2003), ‚Adaptation to Labour Market Change in France and the UK‘, *Social Policy and Administration* (special issue), vol 37, no 6.
- § Moreno, L. (2002), ‚Bienestar mediterráneo y supermujeres‘ (Mediterranean welfare and 'superwomen'), *Revista Española de Sociología*, 2: 41-57.
- § Moreno, L.; Matsaganis, M.; Ferrera, M. and Capucha, L. (2003), ‚¿Existe una "malla de seguridad" en la Europa del Sur? La lucha contra la pobreza y la exclusión en España, Grecia, Italia y Portugal‘, *Revista Internacional de Sociología*, 36: 7-31.
- § Taylor-Gooby, P. ‚Open Markets and Welfare Values‘ *European Societies*, vol 6, no 1, 9-48, 2004.
- § Taylor-Gooby, P. ‚Introduction: Open Markets versus Welfare Citizenship: conflicting approaches to policy convergence in Europe‘, *Social Policy and Administration* (special issue), vol 37, no 6, 539-54, 2003
- § Taylor-Gooby, P. and Kananen, J and Larsen, T. (2004) ‚New Social Risks in Post-Industrial Society‘, *International Social Security Review* vol. 57, no 3, 45-64.
- § Taylor-Gooby, P., Larsen, T.P. and Kananen, J. (2004), ‚Market Means, Welfare Ends: the UK Welfare State Experiment‘, *Journal of Social Policy* vol. 33, no 4.

Conference Papers

- § Arriba, A. (2002) 'La fragmentación de la última red de protección social' (The fragmentation of the 'safety net' of social protection), Paper presented at the **Foro para la integración laboral de personas en riesgo de exclusión social** (Forum on Labour Insertion of citizens under risk of social exclusion), International Council for Social Welfare, Madrid, 14 November
- § Arriba, A. and Moreno, L. (2002), 'Spain: Poverty, social exclusion and safety nets', Conference Che fare del RMI? , **Naples City Hall - Italian National Research Council** (IRPPS-CNR), 8 November.
- § Aust A. and A. Arriba (2004) Paradigms and Social Assistance Reforms in Europe in the 1990s, paper presented at **WRAMSOC conference** 23-24 April, Berlin.
- § Aust, A. and Arriba, A. (2004) Policy Reforms and Discourses in Social Assistance in the 1990s. Towards 'Activation', paper presented at **ESPAnet Conference**, 9-11 September, Oxford.
- § Bönker, F (2001) Teilkapitaldeckung als Friedensformel in der bundesdeutschen Rentenpolitik. Zukunft und Perspektiven des Wohlfahrtsstaates. Workshop of the Section "Politik und Ökonomie" of the **German Association for Political Science** (DVPW), Hagen, 16.-18 November.
- § Bönker, F (2003) Germany in Crisis? **Babes-Bolyai University**, Cluj, Romania, March.
- § Bönker, F and Aust. A (2003) Neue soziale Risiken in der **Bundesrepublik Sociological Seminar**, Humboldt-Universität zu Berlin, 3 June.
- § Bönker, F. (2004) Accounting for Differences in the Spread of Multipillar Paradigm: A comparative Analysis of Five European Insurance Countries, Paper presented at **ESPAnet Conference**, 9-11 September, Oxford.
- § Bönker, F. (2004) Accounting for Differences in the Spread of Multipillar Paradigm, Paper presented at **WRAMSOC conference** 23-24 April, Berlin.
- § Bönker, F and Wollmann, H (2004): The Local Welfare State in Germany and its Transformation in the 1990s, paper presented at a **Franco-German workshop on modernization of state and administration in France and Germany**, 14-15 May, Bordeaux.
- § Bönker, F (2004) Changing Views on Pensions: Accounting for Differences in the Spread of the Multipillar Paradigm in EU Social Insurance Countries. Paper presented at a conference on „Erosion oder Transformation des Sozialstaats?“ organised by the **Swiss Associations for Sociology and Political Science**, 15-16 October, Fribourg.
- § Bonoli, G. " Trade unions, veto points, and modernising compromises in pension reform ", paper, 15th annual meeting of the **Society for the Advancement of Socio-Economics**, Aix-en Provence, 26-28 June 2003.
- § Bonoli, G. "New social risks and the politics of the new social policies", paper, 14th annual conference of the **Council of European Studies**, Palmer House Hilton, Chicago, 11-13 March 2004.
- § Bonoli, G. , "Modernising post-war welfare states. Explaining diversity in patterns of adaptation to new social risks", paper, dissemination workshop of the project **Welfare reform and the management of societal change (WRAMSOC)**, Berlin, Universität Humboldt, 23-24 April 2004.
- Bonoli, G. "Modernising post-war welfare states. Explaining diversity in patterns of adaptation to new social risks" communication, **2ème Congrès annuel du réseau ESPAnet**, Oxford, 9-11 September 2004.

- Kananen, J & Taylor-Gooby, P & Larsen, T (2004): Current Employment Policy Paradigms in the UK, Germany and Sweden. Paper presented at *SPA Conference* 21-22 April, Bristol, *WRAMSOC conference* 23-24 April, Berlin *ESPAnet Conference*, 9-11 September, Oxford.
- § Kananen, J., Taylor-Gooby, P. and Larsen, T.P. (2004): Public Attitudes and New Social Risk Reform. Paper presented at *SPA annual conference in Nottingham*, 13-15 July.
- § Larsen, T.P., Taylor-Gooby, P. and Kananen, J. (2004) The Myth of a Dual-earner Society- New Policy Discourses in European Welfare States, Paper presented at *WRAMSOC conference* 23-24 April, Berlin.
- § Larsen, T.P., Taylor-Gooby, P. and Kananen, J. (2004), European Policy Co-ordination and the OMC, paper presented at ESPAnet Conference, 9-11th September, Oxford. Larsen, T.P., Taylor-Gooby, P. and Kananen, J. (2004), New Policy Style of New Labour, paper presented at *SPA Conference, Nottingham*, June. Mandin, L. (2004) Active Ageing, Paper presented at ESPAnet Conference, 9-11 September, Oxford.
- § Mandin, L. (2004) Active Ageing in Europe, Paper presented at *WRAMSOC conference* 23-24 April, Berlin.
- § Moreno, L (2003) 'Farewell to Spanish superwomen', European Conference Che "genere" di conciliazione? Famiglia, lavoro e genere: equilibri e squilibri , *CIRSDe-University of Turin*, 29 May.
- § Moreno, L (2004) 'Reforma y reestructuración del Estado del Bienestar en la Unión Europea', *II International Seminar on Social Policy Alternative Proposals to Neoliberalism*, Department of Social Policy, University of Brasilia, October, 2004.
- § Moreno, L. and Palier, B. (2004) The Europeanisation of Welfare. Paradigm Shift and Social Policy Reforms, Paper presented at *WRAMSOC conference* 23-24 April, Berlin.
- § Moreno, L. and Palier, B. (2004), The Europeanisation of Welfare Paradigm Shifts and Social Policy Reforms, Paper presented at *ESPAnet Conference*, 9-11 September, Oxford
- § Moreno, L. and Trelles, C.(2004) 'Policy innovation and welfare reforms in Andalusia'. Paper presented at the Seminar on **Devolution and Public Policy, ECPR Standing Group on Regionalism**, University of Edinburgh, October 2004.
- § 'Taylor-Gooby, Daguerre, A. and Larsen, T.P. (2003) The Genuinely Liberal Genuine Welfare State' *ISA RC19, University of Toronto*, 19 September, and Social Policy Association Annual Conference, Teeside University, 16 July
- § Taylor-Gooby, P., Kananen, J. and Larsen, T.P. (2004) Paradigm Shifts and Labour Market Reform, Paper presented at *WRAMSOC conference* 23-24 April, Berlin.
- § Timonen, V. (2003), 'New Social Risks and the Nordic Welfare State', contribution to Kankaalle Kirjoitettua , a Festschrift for Professor Olli Kangas, *Department of Social Policy, University of Turku*.
- § Timonen, V. (2004) Is There Convergence in Policy Paradigms Between Countries in the Area of Long-term Care, Paper presented at *WRAMSOC conference* 23-24 April, Berlin.
- § Wollmann, H. (2004) The Local Welfare State in European Countries, Paper presented at *WRAMSOC conference* 23-24 April, Berlin.

Papers under Review

§ Palier, B. 'The Europeanisation of Welfare Reforms', *Journal of Common Market Studies*.

§ Larsen, T.P., Taylor-Gooby, P. and Kananen, J. 'New Labour's Policy Style: A mix of approaches', *Journal of Social Policy*.

Larsen, T.P., Taylor-Gooby, P. and Kananen, J. 'European Policy Co-ordination and the OMC', *Journal of European Social Policy*.

SALES AND SUBSCRIPTIONS

Publications for sale produced by the Office for Official Publications of the European Communities are available from our sales agents throughout the world.

You can find the list of sales agents on the Publications Office website (<http://publications.eu.int>) or you can apply for it by fax (352) 29 29-42758.

Contact the sales agent of your choice and place your order.

KJ-NA-21706-EN-S



Publications Office
Publications.europa.eu

ISSN 1831-9514-1



9 789289 499149 >