Reconstruction amid deconstruction: or why we need more of the social in European social models

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Reconstruction amid deconstruction: or why we need more of the social in European social models

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Abstract
This article makes two key arguments. First, European social models are being asked to extend social support to meet new needs associated with the ageing society, changes in citizens’ aspirations and behaviour and the reduced reliability of support from employers and the family. How nations respond to these new needs varies according to current gaps in provision and to political will, but most states up to the crisis were expanding their range of social interventions, sometimes leading to hybridization of their traditional social models. Second, deconstruction of social models to implement neoliberalism and reconstruction to meet new needs are often two sides of the same process. Reforms to meet new needs may take a neoliberal form, and neoliberal reforms may generate new needs. European social models may have to respond to these pressures for, unlike those of the USA, European citizens still look to the state to ensure their social citizenship rights.

Keywords
Europe, family, labour market, social expenditure, social model, welfare state

Introduction
Prospects for European social models, even before the financial crisis, have been regarded as almost universally bleak. Even if strong welfare states could be reconciled with competitiveness in globalized markets, the scope for European states to develop and strengthen their welfare systems is increasingly circumscribed by the regulatory approach of the EU or by the requirements of the wider international financial system. Yet, coinciding with the spread of the belief that the state is less able or less willing to provide
social protection than in the past, changes in economic and social systems are increasing the potential demands on the state for social support. These new demands come from three interlinked sources: first, secular changes in social institutions such as the family and the employing organization are curtailing their functions as alternative sources of support to the state for individuals; second, the implementation of neoliberal policies is itself creating new risks and fragmenting these alternative sources of support; and third, changes to citizens’ life courses and aspirations are both rendering traditional social support models outdated and generating potentially greater needs for social support. The extent and form of responses to these new social risks will vary according to the political context and the ability of current support systems to protect against new risks. Nevertheless, even if the immediate effect of the current recession and fiscal deficits is the rolling back of state support, these new risks and needs will still remain and are likely to re-emerge on the policy agenda at a future date.

This argument is developed in four stages. First, these hypotheses are linked to the on-going debate on the future of European social models. Second, the actual trends in social expenditure during the neoliberal 1990s and 2000s up until the financial crisis are presented. Third, a framework using a life stage perspective is used to capture the generation of new risks and new needs. This is followed by some empirical examples of changes in European models in response to new needs, including examples where these responses also implement neoliberal reforms. Two further sets of examples are identified, first where new interventions are becoming normalized or institutionalized in European social models and second, country cases where new policies are breaking with traditional social models. Finally the medium term prospects for social models are reviewed against the background of the current post-financial crisis pressures for deconstruction.

Institutional change in European social models: towards an integration of the debates

The first purpose of a social model is social, to ‘decommodify’ labour by enabling citizens not to work and to provide greater equality of opportunity. Social models also have economic objectives. Indeed social policy can be considered as a productive factor (Hermans, 2005) that develops and stabilizes a labour force and ensures that citizens are motivated to engage effectively in productive activities. It is well-established that social models differ in some fundamental respects (Esping-Andersen, 1990) including their provision of only residual or more universal social support, their treatment of women primarily as wives, carers or as independent working adults (Sainsbury, 1996) and their orientation towards ensuring a disciplined and compliant labour supply or developing a skilled and innovative workforce (Bonoli, 2010; Taylor-Gooby, 2004) to underpin a high performance competitive strategy. Even though there is wide variation in origin, form and path of model development, there are some commonalities across European models that have generated the notion of a European social model and of general trends within that social model. Wickham (2005) identifies that common element as vested in social citizenship rights, underpinned by a widespread perception within European nations that the state has an important social role, in contrast to the USA where the state is often
regarded as, at best, a necessary evil. As a consequence, European citizens may have higher expectations that the state will or must eventually step in to respond to new social problems and issues, even in a context where the rhetoric is promoting deregulation and less state intervention.

With these perspectives in mind, two main strands can be identified within the recent active debates on institutional change in European social models. The first focuses on the gradual deconstruction of social models as a consequence of the spread of neoliberalism. In the Streeck and Thelen (2005) thesis, erosion occurs through incremental and gradual change. These tendencies are reinforced by the EU’s deregulatory agenda which limits the scope for individual states to engage in reconstruction (Jepsen and Serrano Pascual, 2006; Scharpf, 2010). Post the financial crisis, this attention to gradual erosion may be overtaken by more evident radical ruptures in models, legitimated by responses to sovereign debt crises. These more overtly political changes fit more with Amable and Palombarini’s (2009) thesis that institutional change is rooted in the dissolution and rebuilding of political compromises following changing power balances between social groups. This approach could explain current retrenchment as responses to the reduced power of the working class to resist radical cutbacks in welfare provision. However, this focus on serving dominant interest groups cannot explain the full range of new policy development, such as policies to support non-dominant groups, such as women.

The second strand to the debate focuses more on how social models adapt and modernize to meet new needs. Crouch (2007) has critiqued the focus on incremental erosion and the neglect of the continuing potential for institutional innovation. This involves processes of bricolage where existing resources may be combined in new and innovative ways which may take models on paths that transcend old models. Esping-Andersen and others have stressed the need to rethink welfare states in response to social changes, particularly the unfinished gender revolution (Esping-Andersen, 2009). Also included here are the labour market policy reformers who seek a new approach to EU employment models, labelled transitional labour markets or flexicurity (Schmid, 2008). For this group the accumulated costs of not modernizing may jeopardize the models’ survival in the longer term. These proposals may be considered over-optimistic or politically naive in anticipating the emergence of a rational, coherent and essentially politically neutral solution to reform of European welfare states, as Jepsen and Serrano-Pascual (2006) have pointed out.

While each strand captures one dimension of current changes, to move forward requires a more explicitly integrated analysis of processes of deconstruction and reconstruction of social models where each area of policy development may contribute to both processes. Policies may be addressing new needs while implementing elements of neoliberalism. Classifications of policy innovations as a win for capital or labour or even as win-win for both are far from straightforward as the devil often lies in the mode of implementation and in the distribution of costs and benefits among social groups. A key example is whether the recent interest in childcare policies should be considered as primarily promoting equal opportunities or higher employment to meet fiscal requirements.

Another take on the change in institutional models debate, of particular relevance to the argument here, has recently been articulated by Streeck (2009). The social order and the system of social obligations that provided the stability to the post-war phase of
capitalism is argued to have broken down. Liberalism, interpreted in both the neoliberal and the individualist self-fulfilment form, has fragmented society and reduced the availability of support structures and safety nets outside of the state and consequently the state may be called upon to fill the holes:

as markets penetrate into social relations and strategic utility-maximizing replaces traditional norm-following, gaps emerge in the social fabric that call for political compensation unless a society is prepared to live with them. (Streeck, 2009: 23)

The flexibilization of both families and labour market are seen as intertwined processes, with the flexing of families both preceding and more pervasive than the flexing of employment. The key change is the mass entry into the labour market of women, who have been pulled in on the one hand by the ‘bright lights’ of the market and the spread of individualist ideology and pushed in on the other hand by pressure on family incomes. This pressure arises from the destandardization of the labour market, in which women are said to have been willing accomplices with employers in undermining the family wage system. This destandardization reduces the security of employment, placing additional burdens on the state to support the unemployed and assist them to re-enter employment. Together with new childcare costs, these extra demands may, according to Streeck, eventually have the effect of making the whole notion of a welfare state unsustainable as too costly.

Thus, from a range of perspectives, it may be most appropriate to view change in social models as an iterative process involving the erosion of some elements of the old social model and the simultaneous generation of new needs for social support. How the state responds to these needs depends on political will. What we can, however, investigate is whether, after at least two decades of a dominant neoliberal ideology, there is evidence of the state withdrawing from its social support role.

**European social models and the state: is the role of the state withering away?**

Despite the strong neoliberal rhetoric and its influence on welfare state reform over the past two decades, the trend within Europe has been towards an increase in social expenditure as a share of GDP, according to OECD statistics (Adema and Ladaique, 2009; OECD, 2010). According to Table 1, the share of GDP accounted for by social expenditure in the OECD rose by 1.7 percentage points from 1990 to 2007, with the largest increases among some of the lowest spending nations (for example Portugal, Japan and Poland) and the lowest increases or even falls in Finland and Sweden. Old age support and health account for over 94 per cent of the increase. Another area of growth is family policy and childcare where expenditure rose by 0.4 percentage points (Table 1) for the OECD as a whole with similar developments within the EU (Adema and Ladaique, 2009: 25). Other areas of social expenditure have stayed stable rather than withering away, with decreases in expenditure on unemployment support for prime age citizens in several countries explained primarily by cyclical conditions (Adema and Ladaique, 2009). Within these policy areas, the composition of expenditure has changed towards
active labour market policies as expenditure on passive benefits has tended to fall. One area of increasing expenditure in some countries is in-work benefits: 10 European countries and a further three non-European OECD countries have some form of permanent in-work benefit or tax credit (Immervoll and Pearson, 2009). The UK and the USA have particularly large expenditures on tax credits (Adema and Ladaique, 2009: 42).

Education expenditure is usually considered separately from social expenditure but again data suggest that social investment in this area has also increased (OECD, 2009a: table B2.1). Among 18 European countries 12 increased spending on tertiary education as a share of GDP, one kept it stable and five recorded slight declines. The largest rises were among the lowest spenders, suggesting a trend to a higher minimum necessary expenditure on tertiary education for developed economies.

Table 1 Change in social expenditures as a percentage of GDP 1990–2007

<table>
<thead>
<tr>
<th>Country</th>
<th>Social expenditure 2007 as % GDP</th>
<th>Change in social expenditure as % points GDP 1990–2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Change in total</td>
<td>Change in old age</td>
</tr>
<tr>
<td>Australia</td>
<td>16.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Austria</td>
<td>26.4</td>
<td>2.6</td>
</tr>
<tr>
<td>Belgium</td>
<td>26.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>18.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Denmark</td>
<td>26.1</td>
<td>1.0</td>
</tr>
<tr>
<td>Finland</td>
<td>24.9</td>
<td>0.6</td>
</tr>
<tr>
<td>France</td>
<td>28.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Germany</td>
<td>25.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Greece</td>
<td>21.3</td>
<td>4.8</td>
</tr>
<tr>
<td>Hungary</td>
<td>23.1</td>
<td>n.a</td>
</tr>
<tr>
<td>Ireland</td>
<td>16.3</td>
<td>1.4</td>
</tr>
<tr>
<td>Italy</td>
<td>24.9</td>
<td>4.9</td>
</tr>
<tr>
<td>Japan</td>
<td>18.7</td>
<td>7.4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>20.1</td>
<td>-5.5</td>
</tr>
<tr>
<td>Norway</td>
<td>20.8</td>
<td>-1.5</td>
</tr>
<tr>
<td>Poland</td>
<td>20.0</td>
<td>5.1</td>
</tr>
<tr>
<td>Portugal</td>
<td>22.5</td>
<td>10.0</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>15.7</td>
<td>n.a</td>
</tr>
<tr>
<td>Spain</td>
<td>21.6</td>
<td>1.7</td>
</tr>
<tr>
<td>Sweden</td>
<td>27.3</td>
<td>-2.9</td>
</tr>
<tr>
<td>UK</td>
<td>20.5</td>
<td>3.7</td>
</tr>
<tr>
<td>USA</td>
<td>16.2</td>
<td>2.7</td>
</tr>
<tr>
<td>OECD total</td>
<td>19.3</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Source: OECD social expenditure data base, consulted 20 December 2010.
The state has also not withdrawn from regulating the labour market. Despite lower collective bargaining coverage and trade union membership and reductions in employment protection in Europe, the overall level of voluntary and legal regulation remains well above that in the USA (OECD, 2004). Minimum wage laws have been introduced in the UK and Ireland and minimum wage levels relative to median earnings increased in 13 out of 17 European countries in the OECD minimum wage database over the 2000s (Grimshaw and Rubery, 2010), with declines more in those countries where the ratio to earnings was relatively high such as Belgium, Ireland and the Netherlands. New regulations at EU and national level have regularized non-standard employment and extended protection against discrimination to new groups. In practice the standard employment relationship has, as advocated by Bosch (2004), been progressively extended to cover a wider range of types of employment, at least with respect to basic employment rights.

This brief overview suggests that the European social model is still present and is being renewed and extended as well as retrenched.

A life stage approach to new needs

One way of capturing the pressures for reform on the social model is to consider the needs for support at key life stages. The life stages we use for this purpose are the transitions from school to work, to adult household formation, to parenthood, from job to job or employment to unemployment in prime age and from work to retirement and old age (see Anxo et al., 2010 for a development of this approach).

Through this life stage approach the elements that shape new demands for state support at each life stage (see Table 2) can be identified. Here a stylized version of both lifestyles and social models is used to identify, for heuristic purposes, the key pressures for change. Variations between European social models in their support for these new life patterns and in their responsiveness to new needs are discussed in the following section. The first row of Table 2 summarizes the changes in life stages that are generating new potential needs. These changes reflect changing demography, where the size of the cohort requiring support varies, but also the changing experiences, behaviour and aspirations of the cohort. The second row summarizes the changes in support from the labour market while the third summarizes the availability of non-market support outside of the state, normally through the family.

To understand and interpret these changes we consider three driving forces. The first is the secular change towards longer life expectancy. Although a product of social and economic change, rising life expectancy still represents a challenge to which all welfare models have to adjust. The second driving force is labour market change. This is not only a product of long term secular development of the service economy but also a product of employers’ decisions to reduce the support they provide to employees at key life stages. As Munnell et al. (2006) have argued, once some employers start abandoning voluntary support, such as defined benefit pension programmes, the genie is out of the bottle, particularly when this form of employer behaviour is legitimated by the state’s promotion of flexible labour markets. Thus the implementation of neoliberal economic and labour market reforms can act as a direct cause of new or more frequent needs for social support at key life stages. The third driving force is the change taking place in social
### Table 2 Changing life stages and changing forms of social support

<table>
<thead>
<tr>
<th></th>
<th>School to work</th>
<th>Adult household formation</th>
<th>Parenthood</th>
<th>Prime age</th>
<th>Retirement/ old age</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changes in life stage</strong></td>
<td>More seeking extended education; more precarious transition to work</td>
<td>More varied lifestyles; more partners/delayed marriage</td>
<td>More a contingent choice - dependent on jobs/partner/available support etc.</td>
<td>Longer transition to stable work; increased risks of unemployment/skill obsolescence and of being working poor</td>
<td>Increase in length of retirement and in independent living also leading to increased need for social care. More women dependent on own resources</td>
</tr>
<tr>
<td><strong>and new needs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Employers defecting from private occupational pensions e.g. in UK</td>
</tr>
<tr>
<td><strong>Change in market support</strong></td>
<td>Fewer opportunities to enter stable employment</td>
<td>Higher housing costs/more precarious jobs</td>
<td>Decline in family wage – increase in female earnings share but insufficient for single parents</td>
<td>Decrease in stable and increase in low paid employment</td>
<td>Decrease in family support through shared living or care time</td>
</tr>
<tr>
<td><strong>Change in family support</strong></td>
<td>Extended dependency – but families fragmenting</td>
<td>Extended dependency – in parental home or outside</td>
<td>Decrease in women’s willingness to be economic dependants</td>
<td>Families more dependent on dual earners Increase in single mothers where no support available</td>
<td>Increase in support for low wage work. Life-long learning – increased support for change of career direction</td>
</tr>
<tr>
<td><strong>New state policy initiatives</strong></td>
<td>Public investment in higher education; larger cohort supported; active labour market policies for young people; wage and training subsidies during transition</td>
<td>Limited initiatives: some regulation of mortgages, limited subsidies for low income/single parent households</td>
<td>Increase in leave/paid leave/leave for fathers: more dependency on state; increase in childcare services including state subsidies; increase in rights to flexible working</td>
<td>In-work benefits – increased support for low wage work.</td>
<td>Pension reforms: increased support due to increased life expectancy; increased coverage of women and decreased employer pensions Social care: increase due to rise in life expectancy and reduced availability of family</td>
</tr>
<tr>
<td><strong>Neoliberal influences</strong></td>
<td>Increased reliance on private finance from the family for education Active labour market policies may reinforce ‘work first’ and depress expectations</td>
<td>Increased reliance on the family and decreased control of price of housing – rents</td>
<td>Institutionalization of work for all and of flexible work</td>
<td>Reinforcement of ‘work first’; decrease in employment protection legitimated by need to facilitate transitions</td>
<td>Lower pension per person year; delayed retirement; higher risks borne by citizens. Social care provided by low wage labour through privatization/use of migrants.</td>
</tr>
</tbody>
</table>
organization, as manifest both in social institutions such as the family and in the behaviour and aspirations of individuals. These changes can be taken to be affected by, but still relatively independent of, changes in the economic and political sphere towards neoliberalism. That is, in contrast to the rather static perspective of Streeck where changes in the social fabric are primarily the consequence of markets penetrating social relationships, the social fabric should instead be regarded as having its own independent dynamic. Changes in social organization may be initiated by economic changes but become relatively autonomous of changes in economic or social policy (Humphries and Rubery, 1984) and cannot be readily reversed.

The first driving force, secular demographic change, has primarily affected the transition from work into retirement and into old age dependency. This is an issue affecting all European social models. In contrast, changes to the economy and labour market, associated with both secular change and the implementation of more neoliberal reforms, is affecting all life stages but to varying degrees across both countries and social groups. The disappearance of traditional youth entry jobs, coupled with the growth of non-standard and flexible employment forms, is creating longer and more uncertain paths into stable jobs, particularly for the less qualified, and fuelling the demand for longer education (Müller and Gangl, 2003). Employers operating in more liberal market economies offer less support in the form of either stable jobs or workplace training, often preferring to rely on the education system to provide a skilled workforce (Estevez-Abe et al., 2001). The consequential extended transition into stable employment, coupled with rising housing costs as rent controls have been reduced, is leading in some societies to delayed departure from the family, sometimes even beyond the age of 30 (Billari, 2004). A shortage of jobs for lower skilled men with wages sufficient to support dependants is reinforcing the reliance of families on two wage incomes and women as single parents certainly earn insufficient to provide for themselves and dependants (Folbre, 1994). This integration of women into the wage economy extends the scope of market relationships and intensifies the reliance of the household on market support over domestic forms of production (Streeck, 2009). In prime age a minority are still failing to find stable employment and others face increased risks of economic restructuring. These trends increase the need for income support and for retraining, particularly in periods of recession, such as experienced since 2008. However, European models still differ in the extent to which employers are willing to hoard labour or offer short time working, rather than shedding labour (OECD, 2009b). Employers are also providing less support for retirement in the form of pensions, particularly in countries such as the UK, Ireland and the USA that have relied on employers’ support for voluntary occupational pensions to supplement minimum state provisions (Munnell et al., 2006). Restructuring may also create problems for older workers who wish to remain active in the labour market, in part due to changes in pension entitlements, as age discrimination laws are only likely to provide a weak substitute for reduced employment protection.

Changes in behaviour and aspirations are also affecting all life stages and can be interpreted through the concept of relative autonomy in social reproduction (Humphries and Rubery, 1984). The rising share of young people seeking extended education is not only the result of employers passing more costs of skill development onto the state education system and the family but is also a response by young people to the increasing
unemployment and unstable employment for those without qualifications (Blanchflower and Freeman, 2000). The notion of a university education has consequently become embedded in the aspirations of a wider section of young people, almost independently of whether this development is fully validated by increasing skill levels (Green and Zhu, 2010). Likewise delays in the formation of independent adult households is in part an outcome of both change to gender relations and the increased variety of lifestyle choices by young people (Heath and Cleaver, 2003), which may be relatively independent of specific economic conditions. Parenthood is also now more a chosen than an inevitable life stage, both because the costs of parenthood increase when women’s wages make important contributions to the household budget but also because changes in gender relations have opened up more choices for women. In prime age and in the transition to retirement, the persistence of social norms perhaps also acts to limit the implementation of the neoliberal agenda. Prime age men may still resist pressures towards flexible employment and transitions across traditional career lines (Nixon, 2006). The 2010 strikes in France over raising the retirement age past 60 further indicates that people remain attached to the norms of early retirement established during the restructuring in the 1980s in Europe. Long term changes towards more older people living on their own, coupled with changing gender relations, also mean that increased needs for social care are unlikely to be met from within the family.

The outcome of these three driving forces for change is new demands for social support. For young people the extended transition, whether through education or more precarious employment careers, creates a need for longer social support. Much of this support is currently provided by the family but the family as an institution is becoming more fragile as families are transformed and remade over the life course. This adds a random element as to whether an individual can call upon strong family ties for support, adding to the well known inequalities that arise from reliance on family rather than state support (Biggart and Walther, 2005). Families are also increasingly required to provide support to young adults either through co-residence (as in southern European countries) or through support for independent living in more Northern countries (Anxo et al., 2010; Biggart and Walther, 2005). These family interventions not only promote inequalities but may be insufficient to enable the formation of independent households, an essential prerequisite for ensuring reasonably high fertility rates in Europe. Also, fewer women are willing to become dependent upon the family, thus raising demands for either stronger market-based or state support for parenthood, without which the rate of fertility may stay low or decline further (Esping-Andersen, 2009). The growth in lone parents is also increasing needs for state support as family and market support is restricted. In prime age most women as well as men are dependent on access to wage income and this coupled with rising employment insecurity is increasing claims for support from the state. Furthermore, responsibilities for retraining to promote flexicurity are likely to fall to the state as employers have no direct interest in such transitions. Growing low wage employment may also create new or intensified problems of the working poor; one estimate (Eurofound, 2010) finds that the number of working poor is increasing in 10 countries, stable in five and decreasing in six. For retirement and old age the key new demands are first for more pensions, due to increased life expectancy and to more women requiring their own independent source of support, and second for
more social and health care, due to increased dependency and less availability of family support (Simonazzi, 2009).

Responses to new needs

The conditions that are generating demands for more state support are identified in the framework presented in Table 2. Whether these demands will be met depends first on the extent and form of gaps in provision and on the political will to meet these new needs. The Scandinavian social democratic welfare model has perhaps least to do to meet these new social needs, particularly in providing individualized support for young people, and support for active parenthood and ageing (Anxo et al., 2010). However, those with the largest gaps are not necessarily moving fastest, due to long term structural problems such as a small fiscal base – as, for example, in Italy and Greece – in addition to lack of political will. There can be no presumption that social needs will be recognized and met in the short term. Indeed in the short term adjustments to these new social needs may be put on hold or reversed in response to the current financial and fiscal crisis as priority is given to fiscal rectitude. However, the current crisis responses should not obscure the expansion in the range and type of state interventions over the past decade and before. Moreover, to the extent that these changes represent responses to enduring new social needs, demands for new interventions can be expected to re-emerge, at least post the current crisis.

Three sets of factors characterize recent developments in European social provision. First, policy responses have often been multi-faceted, designed both to meet new needs and to implement other policy agendas, particularly that of neoliberalism. Second, new areas of state intervention have emerged that were previously unknown or underdeveloped but which over time have become established on the menu of state interventions. This is in contradiction to the expectations of a narrower, less extensive role for the state. Third, policy developments have in some cases crossed the traditional boundaries of the specific social model, leading to the development of more hybrid models, less closely rooted in the separate paths of development as identified by Esping-Andersen (1990). Examples of these three tendencies are provided below.

Response to new needs and the implementation of neoliberalism

Our first set of examples relates to interventions that simultaneously extend state support while also implementing elements of neoliberalism. Here we utilize three characteristics of neoliberalism: increased requirements to work and to take any job available; the promotion of flexible employment; and efforts to reduce costs of public provision, whether through lower service costs, more private funding or the minimization of benefit levels.

Thus, the extension of active labour market policies for young people and those in prime age can be interpreted as in part a response to new needs but also as a means of instilling work discipline and appropriate work attitudes (including potentially lowering expectations of both job content and reward). European governments are in part responding to EU pressures to extend active over passive measures, but this pressure itself has diverse objectives, from reducing social exclusion to reducing welfare costs (Bonoli,
2010). The balance between objectives is state specific; for example in Sweden there is more emphasis on providing second chances while in the UK the focus is more on encouraging benefit recipients to take whatever jobs are available. These differences have been termed positive versus negative activation by Taylor-Gooby (2004). There are two other areas where responses to changing needs are strongly influenced by policies to increase the work ethic. First, reforms to meet the increased life expectancy are focused on extending the working life through later retirement ages and increased contribution years. This is used to reduce rather than eliminate the increase in cost of social provision for retirement due to the ageing population. Second, the increased state support for childcare can be explained in part by state policy to put pressure on lone parents to enter the labour force (Knijn et al., 2007).

The double-edged nature of reforms can also be seen in policies to facilitate women’s access to employment when they have children. These have involved not only new forms of state support in the form of leave or childcare, but also the regularization of part time employment, even in countries where demand for part time work from women themselves has not been strongly evident. This pressure to promote but also to regularize part time work, by providing for equal treatment of part timers, has been spread by the EU’s employment strategy (Rubery et al., 2008). However, there are differences in its implementation between societies; where there are rights to reduce hours in current employment, part-time work is less likely to be associated with low wage employment than where it is concentrated in specific service sector areas, with limited opportunities for progression (Fagan et al., 2006). These developments have significance beyond the impact on the women themselves as flexible employment may both increase the intensity of employed working hours and place pressure to reduce standards for those on standard employment contracts (Rubery, 1998).

The neoliberal philosophy to cut the size and costs of public services and benefits is found in the whole range of responses to new needs. The expansion of higher education has been done on the back of family support with only limited extensions of state support for older dependent children outside Scandinavian countries (Anxo et al., 2010). In the UK this burden has been increasingly placed on the students themselves in the form of fees to be paid back at a later date, thereby introducing stronger market pressures into higher education. Nevertheless, even with this policy framework state support for higher education has actually been rising. There have also been downward pressures on the level of benefits per individual even where the overall benefit bill, including pensions, has still been rising. In some cases the cost of these changes is shared between generations but in others the cost reductions are concentrated on future generations; for example Sweden and Germany have reformed pensions in ways which impinge on current as well as future retirees while Italy has focused the costs on younger cohorts (Anxo et al., 2010). Governments have made very varying responses to the need for increased social care (Simonazzi, 2009) but even in family-based systems such as Italy and Spain there has been some development of state support, although the service is patchy and dependent on the local state. Some governments are complicit in the use of low paid labour to provide more services at low cost; in Italy this has involved the employment of migrant labour on an informal basis but in the UK the increased provision has been funded by outsourcing work to private organizations who pay much lower wages than the public
sector. In contrast the increased demands have been met by regularly employed workers paid at public sector rates in countries such as Germany and Sweden.

Responses to new needs as a process of normalization of new interventions.

The changes to life stages, coupled with the changing nature of labour markets and family systems, are leading to new and extended interventions by the state. These are not necessarily planned and may emerge out of tentative or temporary interventions that over time may become normalized. This normalization may be observed at a national level or at European level, particularly when support for new types of policy interventions is diffused through mechanisms such as the European Employment Strategy (EES). Three examples of normalization can be provided related to life stage interventions.

The first is the set of interventions to support the integration of young people into employment. Here the EU through the EES, but perhaps more significantly through its structural funds, has promoted the development of state supported programmes for young people even in the southern countries where young people do not have access to passive benefits (Seferiades, 2003) and where there was previously little state support for integration into their first job. However, the degree of normalization varies across countries and has been taken to a high level in France, which spends the most on active labour market policies of various kinds for young people (Erhel et al., 2010; Ryan, 2001) and where the development of this array of programmes, initially as responses to a potentially temporary problem of high youth unemployment, could be said to have institutionalized a longer supported transition into wage work. Employers perhaps no longer expect to offer unsubsidized entry level jobs to young people (Couppié et al., 2006; Erhel et al., 2010).

A second example of normalization is support for parenthood through leave and childcare (Lewis et al., 2008). The inclusion of childcare as part of the EES from 2000 led to a raft of childcare initiatives within EU counties (Plantenga et al., 2008; Ray et al., 2010) and although the extent of childcare provision remains very diverse, positive developments have been recorded in almost all EU countries. Childcare has thus become institutionalized as a form of employment policy. These provisions are subject to cutbacks, particularly in the recession, but the changes in women’s lifestyles and aspirations across Europe are unlikely to be put into reverse, making it probable that support for working parents will remain or reappear on the policy agenda.

The third example relates to the prime age where pressure to move the unemployed back into work, including into low wage jobs, has led to pressure to provide subsidies to the employed to ensure that work pays. In the UK the prime motivation for in-work benefits was to persuade those on benefits, including lone parents, to move into the low wage jobs on offer. Also in the UK the need to contain costs of in-work benefits influenced the introduction and subsequent upgrading of the minimum wage. Such pressures have also led to the introduction of permanent in-work benefits in 10 EU countries. A recent OECD review of these policies concludes that, although in the 1990s such schemes were considered ‘interesting but unusual’, by 2009 they had become mainstream policies in many countries (Immervoll and Pearson, 2009: 16).
Responses to new needs and hybridization of social models

Responses to new needs may lead to breaks with previous social models and the development of hybrid models. Three examples of policy developments can be provided that can be regarded as outside the set of state interventions associated with the country’s traditional social model.

The first example is the UK’s introduction of a national minimum wage in 1998 and its subsequent upgrade (LPC, 2003) so that it reached the middle of the range of European minimum wages in contrast to the USA, where it is set at a lower level relative to the median wage. This development represented a departure both from the neoliberal deregulation of the outgoing Conservative governments and from the voluntarist traditions of industrial relations supported by Labour when in office in the 1970s. This policy represented both a response to the increasing inequality in the 1980s and 1990s and a means of reducing the costs of the extensive in-work benefits system aimed at creating a more active benefit system.

A second example of rupture from the previous model is Germany’s introduction of a range of policy measures for parents that are at odds with its traditional male breadwinner policies (Lewis et al., 2008). These measures provide for shorter but higher paid leave, for separate fathers’ leave and for better childcare (although the delegation of this responsibility to the Länder, the regional governments, makes the implementation variable). These policies, more in line with the adult worker models of social democratic welfare states, have been introduced alongside the continuation of subsidies through taxation for inactive housewives and for short hours marginal jobs. This hybridization of the model is not necessarily sustainable as it is costly to promote both approaches to family support, but demonstrates the potential for new institution building in response to new needs and increased political power of women.

The third example comes from Spain where a recent law broke decisively with the family-based model of care by declaring that elderly people living with their children were for the first time to be entitled to social care services in the home (Eurofound, 2009). Due to the current budget cuts in Spain this move may be more symbolic than of immediate practical significance but it represents a decisive break with a system that implicitly and explicitly relied on unpaid family services for care.

These examples are out of character with the dominant models. Another example from outside Europe is the case of the USA where a new health care reform has finally been agreed. While this provision is already being watered down, even prior to implementation, the move towards more universal health care represents a major break with the USA’s traditional model, and to some extent was forced on the government by employers’ threatened retreat from providing health care, just as they withdrew from pensions.

Conclusions

Two key arguments have been presented in this article. The first is that European social models are being asked to meet more and more varied demands for social support. These new needs derive from secular trends, for example towards an ageing society, from changes in the aspirations and behaviour of citizens and from the reduced reliability of
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support from either employing organizations or the family. Employers are making fewer commitments to long term security for employees, thereby placing more responsibility on the state or the family for social protection and for development of skills. Although in many areas more is being expected of the family, due to both extended education and longevity of older people, the family is also changing and is becoming more fragile and unstable, while still being an instrument for the transmission of inequality. Responses to these new needs varies, according to the gaps in provision and according to political will, but across many countries the state has been moving into new areas of social support and in some cases developing more hybrid welfare systems.

The second key argument is that the processes of reconstruction of social models to meet new needs, and deconstruction to implement neoliberalism, are in many cases two sides of the same process. Reforms to meet new needs may be implemented in a neoliberal form, and neoliberal reforms of labour markets and the increased penetration of markets into new areas (Streeck, 2009) generate new needs to which the state may have to respond. Thus, while there are continuing and intensifying pressures on social models to reduce costs, promote flexibility and adjust to new political power balances, these pressures are applied in a context where there is also a growing need to extend social support, often in new directions.

In this sense we are not, even in the context of the dramatic rollbacks of state provision announced in some European countries in 2010, at the end of politics or indeed of political cycles. However gloomy the current prospects for social innovation, the types of new social needs that we have identified are likely constantly to re-emerge on the political agenda. Nor should these new needs necessarily be identified as a burden on society, as in Streeck’s argument. That pessimistic thesis discounts the potential for social policy to be both productive for the economy and empowering for citizens. For Streeck (2009) it is too expensive to provide state-subsidized childcare but not too expensive to provide childcare within the family, even if that means that half the prime age adult population do not utilize their education and skills in the wage economy. Social models can be productive elements in well functioning capitalist systems and the moving of activities from the family sphere to the public or private sector services has served as a major engine of economic growth in Europe over recent decades.

Changing life stages in the context of flexible labour markets and family structures do, however, require interventions from an active state (Anxo et al., 2010). States have, as Crouch (2007) argued, demonstrated some capacity for institutional innovation, as is evident in the new interventions such as in-work benefits and support for working families, but there is still an innovation gap and a growing gulf between social needs and social provision which is set to intensify with the cutting back of the state in the post-financial crisis period. How this conflict will be resolved is, at this point in the political cycle and the widespread implementation of austerity programmes, far from clear. Streeck suggests that the growing needs for social support may make such cutbacks inevitable as the demands on the state are becoming unsustainable. However, it is not evident that European citizens are ready to accept the state walking away from its role in social protection at a time when the alternative support options of the labour market and family are in decline. Analogies with experience in the USA are only partially valid as the capacity for innovation in social support in the USA is itself restricted by a strong...
distrust of the state among the population (Wickham, 2005) that is not so widely shared in Western Europe. Even in the UK, where the analogies to the USA are more powerful but still flawed, the small state is being sold on the basis that the private sector will fill the gaps; if these remain unfilled even for the middle classes, then the space for reconstruction of a social model could well reopen.

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Note

1. Jepsen and Serrano Pascual (2006) argue that the EU project removes welfare states from their political base in nation states and treats solutions to problems as politically neutral without implications for distribution.

References


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