Chapter 6
Can there be a European Social Model?

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A ‘European social model’ is typically referred to as a villain to be locked up or as an endangered species dying out but never as something that has a future. Yet, both the fierce critics\(^1\) and the anxious fans\(^2\) of the European social model address only specific institutionalisations of the welfare state in continental Europe, such as forms of employment protection or the generosity of benefits. These institutionalisations characterise existing families or worlds of national welfare states but not necessarily a European social model.\(^3\)

    A social model as I will understand the term here is about the political norms and economic functions that a certain welfare state arrangement satisfies primarily. Institutionally, the arrangements may look rather different even though they are manifestations of the same model, insofar as they are functionally equivalent and borne by the same norm. Historical trajectories or institutions like the electoral system may count for these institutional differences. We can identify social models in times of reform when there is a need for guidance and for justification of abandoning the status quo.

    The unity of a European model, if discernible, would derive from the functionalist, technocratic-normative consensus that social policy in the EU polity has a particular problem-solving role for the economy. The Lisbon Agenda explicitly states that social policy has to

serve competitiveness and flexible adjustment of integrating economies and that reform should realise the potential of ‘social policy as a productive factor’.

One way of analysing whether the Lisbon Agenda makes a difference to national welfare state transformations is to study reforms that are at its core, namely those supposed to make labour market regulations and tax-transfer systems more employment-friendly. If these reforms go against the momentum of the existing national models, such as income stabilisation or basic safety while reflecting a consensus of ‘social policy as a productive factor’, we can interpret these reforms as welfare state transformations that bring about a European social model. Specifically, I will look at reforms of employment protection and unemployment benefits undertaken since the late 1980s in four member states (Germany, Greece, Sweden, United Kingdom) which have quite different institutional setups of social policy. The empirical question is whether there is a convergence of the norms and functions of social policies across these countries which can be related to the implementing of the EU’s social policy agenda.

The answer to the title question that results from this empirical analysis is a qualified ‘yes’: A European social model (ESM) has become conceivable although it is far from certain to emerge. Obstacles to the emergence of an ESM are both economic and political. First, the institutional shift from ‘social policy as effective income maintenance’ or ‘as a basic safety net provider’ to ‘social policy as a productive factor’ has economic costs in terms of effective stabilisation and universal coverage. Second, the problem-solving legitimisation of social policy coordination is a political liability for European integration if reform efforts are not rewarded as promised by an increase in trend growth and social partners get a less constitutive role in reform processes. Policymakers may therefore refrain from further moves towards an ESM based on the ‘productivist’ Lisbon consensus.

My contribution shares its point of departure with the theoretical framework of the CIDEL project, namely, that the European social model consists of guiding norms, rather than a set of specific institutions. It is a legitimising strategy and a ‘Leitbild’, rather than an operational goal. However, my interpretation also implies that there is no ‘disengagement of

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the social from the economic constitution in the utilitarian or problem-solving path. On the contrary, the two are closely linked in that social policy is instrumentalised for economic growth. Moreover, I do not foresee that the EU involvement in social policy-making would be granted on any other grounds than as some sort of ‘problem-solving capacity’. If this EU involvement does not prove useful for the reasons just mentioned, which are discussed in more detail below, I would expect a re-nationalisation of social policy-making, and not more ambitious legitimising strategies at EU level.

The outline of my contribution is as follows: the next section discusses in what sense a European social model is conceivable if Lisbon-type reforms take hold/place; and what difference this would make to existing welfare states. This is followed by an empirical part which looks at four countries with different income support systems (Germany, Greece, Sweden, and the United Kingdom) and whether the changes they have undergone since the mid-1980s are in line with the evolution of a European social model: I look at reforms that have required the policy-makers to make choices between different models. As expected, the evidence is indicative but not that clear-cut, which is why we then explore the obstacles to the emergence of such a model. The conclusions position the main arguments within the CIDEL project.

I. What is the European social model projected by the Lisbon Agenda?
This section makes the argument that a European social model can emerge in three steps: I first argue that the idea of a European social model only makes sense if we do not take it as an ideal-type of a welfare regime in the Titmuss or Esping-Andersen tradition. Secondly, I spell out the sense in which the Lisbon Agenda embodies a European social model, and then, thirdly, contrast it with two other models of social policy norms and functions that exist at national level.

A common understanding of what constitutes a European social model is, for instance, expressed by Martin & Ross in which it:

‘…refers to the institutional arrangements comprising the welfare state (transfer payments, collective social services, their financing) and the employment relations system (labor law, unions, collective bargaining). The general term “social model” refers to “ideal-types” in the

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7 E.O. Eriksen & J.E. Fossum, op. cit., 441.
Weberian sense, conceptual abstractions of distinctive and central commonalities derived from a variety of empirical situations. Ideal-types [...] elucidate the underlying similarities and differences across a range of complex social phenomena.8

If we understand this concept in this Weberian sense, the title question has by now been answered with a resounding ‘No’. The evidence that we do not find convergence between the families or worlds of welfare capitalism, in whatever classification, is now so overwhelming that we can consider it a stylised fact.9 Curiously, Martin & Ross admit this much when they write only shortly afterwards:

‘Moving from ideal-type to reality reveals as many variants of the European model as there are Western European countries, each reflecting distinctive historical and political developments.’10

This leaves the reader wondering what the unity of the model is if each of its manifestations is a variety in its own right.

Moreover, this finding of no convergence is not just an empirical regularity. There are some good reasons why we should not expect convergence to result from the co-ordination of social reform at EU level. One is implied by the general lessons that Featherstone11 draws from his comparative study of how the EMU acted as a reform lever and a stimulus to a shift in norms in different regimes. Successful adaptation to the same challenges may actually reinforce the differences between welfare regimes because success means that the respective


10 Martin & Ross, op. cit., 12. Later (18), Martin & Ross conclude that ‘transition to EMU and EMU’s subsequent operation could threaten the European social model’, But they add: ‘If present tendencies continue, they might not necessarily result in the erosion of the national variants of the European social model.’ Thus, they remain consistent with their distinction between European ideal-type and national realities; however, it is difficult to imagine the erosion of a model of which the variants survive.

political economies were able to mobilise their comparative institutional advantages to respond. Some utilised their traditions of social partnership, while others promoted effective targeting combined with absorptive labour markets. A similar general explanation is provided by the ‘Varieties of capitalism’ approach\(^{12}\) with its key concept of institutional complementarity suggesting that different national production regimes can be equally successful as long as they consist of coherent packages, so if they adapt they must do so not by upsetting but by exploiting these linkages. In other words, not only do we know now that welfare regimes have not converged over the last two decades, even though some of them have changed considerably, but we also have plausible theoretical explanations of why convergence did not occur.

The question ‘Can there be a European social model?’ that was formulated by the conveners of the CIDEL project remains interesting all the same, even if it is difficult to answer through academic research, when we consider a European social model as a collective legitimising strategy of European integration\(^{13}\). Such a model may emerge through the incremental but persistent implementation of Lisbon-type reforms at the Member State level. The thrust of these reforms is to increase economic incentives for more labour supply and job creation.\(^{14}\) They comprise measures to make fiscal systems more ‘employment friendly’ or ‘activating’, in particular, by lowering taxes, re-regulation to flexibilise employment contracts, as well as various reforms to raise the employment rate among women and the elderly, such as support for child care or removing early retirement schemes, respectively.

Until recently, the Lisbon Agenda was portrayed as a natural extension of the Maastricht process of creating an economic and monetary union based on sound public finances.\(^{15}\) However, the reform of the Stability and Growth Pact in March 2005 granted exceptions to the achievement of the medium-term objective of ‘close-to-balance-or-insurplus’ in cases where governments can claim that they need to bear upfront costs of structural reforms, in particular, pension reforms.\(^{16}\) This reform concedes that the Lisbon

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13 E.O. Eriksen & J.E. Fossum, *op. cit*.
process is a separate and possibly more difficult reform agenda to achieve than that called for by the Maastricht Treaty.\textsuperscript{17} Thus, it cannot be taken for granted.

The evolution of a European social model would be comparable to the evolving Maastricht consensus on macro-economic management that McNamara\textsuperscript{18} traced, namely, a shift in the norms and beliefs of policy-makers about the priorities of social risk management. The report of the High-Level Group on ‘the future of social policy in an enlarged European Union’, published in 2004, summarises the consensus thus:

‘Despite the diversity between national systems, there is a distinct European social model in that all national systems of EU countries are marked by the consistency between economic efficiency and social progress. The model requires a developed insurance component. At the same time, the social dimension functions as a productive factor. For instance, good health or good labour law partly accounts for good economic results.’\textsuperscript{19}

This Lisbon consensus, the explicit aim of which is to modernise or ‘adapt’ European welfare regimes, proposes that social policy has to be a dynamising force, activating all members of society and which operates as a ‘productive factor’ for the economy. For instance, it tries to achieve a ‘universal breadwinner’ model by explicitly stipulating a female employment rate of 60\% in all Member States by 2010.\textsuperscript{20}

\textsuperscript{17} Featherstone (op. cit., 236) proposes that this may be the case because the labour market and welfare reforms required for the Lisbon Agenda have more stakeholders and are more entrenched in particular institutional settings while the reforms required for the Maastricht Treaty were ‘handled in a relatively closed policy community, seemingly opaque and rarefied to the wider public.’


\textsuperscript{20} Modernisation could also have meant to go for a ‘universal care-giver model’ that allows women and men to share equally the duties of parenthood or longterm care for dependent family members (I. Ostner & J. Lewis, ‘Gender and the Evolution of European Social Policies’, in: S. Leibfried & P. Pierson (eds): European Social Policy, (Washington DC: The Brookings Institution, 1995), at 159-194; M. Threlfall, The European Employment Strategy and Guidelines: Towards an All-Working Society?, paper presented to the European Community Studies Association of Canada, Toronto, 29 May – 2 June 2002, Web document, 2002 [URL: http://web.uvic.ca/ecsac/toronto/papers/on/line/pdf/5C-mthrelfall.pdf]). Needless to say, the extensive Lisbon Agenda contains guidelines asking for improved child care and leave arrangements, but this is more part of the general objective of equal opportunity, not a headline indicator like the 60\% employment goal for women. It has to be said, however, that governments responded to the guideline on child care and parental leave more attentively than to other equal opportunity goals (J. Rubery, ‘Gender Mainstreaming and the Open Method of Co-ordination’, in: J. Zeitlin & P. Pochet (eds), The Open Method of Co-ordination in Action. The European Employment and Social Inclusion Strategies, (Brussels: P.I.E.-Peter Lang, 2005), at 401).
The difference that this Lisbon Agenda would make can best be illustrated by contrasting it with the other social models that underpinned institutional settings in the post-war era. To narrow this down, I contrast the social model enshrined in the Lisbon Agenda with two, the income maintenance model borne in the New Deal, and the basic safety model first formulated in the Beveridge Report, both to stress that there is not just one alternative, and to explain in what sense there are alternative models which are not synonymous with regimes of welfare capitalism.

One powerful model might be called the ‘income maintenance consensus’ that is only partially institutionalised in its homeland, the US, but characterises the overarching norm of many Continental European and Scandinavian welfare states: stability, both in a macro-economic and in a socio-political sense. It is geared to ensure a stable family income through the employment of one male breadwinner (Continental Europe) or one and a half breadwinners in terms of earnings (Scandinavia) as well as income transfers which safeguard living standards for some time. This stability guarantee is maintained by a relatively generous level of social entitlements, contingent on employment status or universal, as well as active, macro-policies that were mindful of competitiveness. The generosity provides high incentives to seek paid employment for those able to seize the opportunity. But the high standards for profitable job creation thus created also exclude individuals with low skills (for example, immigrants with language difficulties), low productivity (for example, persons with disabilities) or time constraints (for example, care-givers, typically female). This pattern of gainful employment and social entitlements for what was once a clear majority, but exclusion for other identifiable groups within the labour market, contributed, somewhat perversely, to the sense of socio-economic stability that the New Deal model conveys: two thirds of citizens did not expect to become threatened by the vagaries of market forces. This changed in the 1980s when the experience of unemployment, lasting exclusion from stable employment and the threat of impoverishment came to be an experience that was no longer confined to an ‘underclass’ or female carers.

Another powerful model is what we might call the Beveridge consensus of ‘Insurance for All and Everything’\(^{21}\). It is much less widespread than the income maintenance model, but the norm has prevailed even though Beveridge’s specific institutionalisation has been abandoned. It is a powerful ‘Leitbild’ in any reform debate, and provides an interesting and

\(^{21}\) W. Beveridge, Insurance for All and Everything, (London: ‘The New Way‘ Series, 1924.)
subtle contrast with the Lisbon consensus. Its overarching norm is basic safety for residents; it is universal with regard to eligibility, and encompassing with regard to scope (National Insurance covers old age, unemployment, accidents, sickness and maternity)\textsuperscript{22} and highly redistributive, in the original version, only with regard to delivery or provision, although not on the revenue side (financed out of a flat rate tax or lump-sum contribution by employees and employers). This model is deliberately not generous, the services provided, such as tax-financed health care, are rather basic, and both the means-tested income support for those not covered by National Insurance as well as the National Insurance benefits themselves are equally low if measured against an accepted poverty standard of 50 percent of median income. The lack of generosity and the need for aspiring middle-class families to buy services such as child care or education in (semi-) private markets here works as an incentive to seek gainful employment, preferably for both breadwinners of a household. Instability of employment, however, remains a virtual experience for many, in particular, since the basic safety model avoids interfering with market income formation through employment protection.

Having distinguished these models, it is also worth noting what makes them similar and comparable. First, and, perhaps, contentious in the context of the CIDEL project\textsuperscript{23}, what the productivist Lisbon consensus shares with the other models is that it establishes a link between social policy and the economy. So did the other two models, \textit{i.e.}, this link is not a distinguishing feature of the productivist consensus. What may be different is that the productivist consensus, in particular, as expressed in the mid-term review of the Lisbon Agenda by the Barroso Commission\textsuperscript{24}, tends to legitimise social policy by pointing out its ability to bolster market forces and not its ability to compensate deficiencies of markets as the other two models imply.

Secondly, the normative emphasis on social policy as a productive factor, as income stabiliser or as basic security provider, respectively, does not mean that these social models completely neglect the other two imperatives. The generous entitlements of the income maintenance model provide positive rewards for seeking highly paid, stable employment that encourages training on the job and the acquisition of specific skills; the less generous

\textsuperscript{22} The Swedish welfare state follows the basic security model with regard to eligibility and scope, but is more generous in benefit levels.


entitlements of the basic safety model make the seeking of employment imperative to escape poverty. But the norms of productivity, stability and safety may not always be compatible or easily reconciled and thus choices have to be made. This is key to the interpretation of the changes involved if a European social model were to emerge in the sense outlined above. For the empirical part, we can therefore ask, what reforms would indicate that there is a new emphasis on employment and productivity, de-emphasizing or even jeopardizing income stability or basic security? If we can identify these choices, we may also be able to identify the moves which are indicative of a new consensus.

The Lisbon consensus and stability: The Lisbon goal of increasing the employment intensity of the economy overall and that of women and the elderly in particular, both connects and distinguishes its underlying productivist norm compared with the stability norm of the income maintenance model. Higher employment, in particular, leads to higher female participation and a larger share of households with two earners, which potentially increases the self-insurance capacity of families and thus the stability of household incomes. But the measures to bring about this increase in the employment rate, namely, to lower marginal and average tax rates, may, at the same time, weaken the effectiveness of taxes and benefits as automatic stabilisers, thus reducing the stability of aggregate income. The same ambiguous relationship characterises the drive to raise productivity that the Lisbon Agenda envisages. If a new emphasis on education and skill formation pays off, increasing the value-added that a better-qualified workforce can create, then this amounts to a preventive social policy that should stabilise output and thus incomes *ex ante*. For instance, free education is redistribution which prevents income inequality among parents being translated into inequality of access to education, and thus to the prospect of unstable, marginal jobs for their children. Good education also increases their individual self-insurance capacity later on (an academic can take up a cleaning job, while it is difficult for a typical cleaner to enter academia). But again, the means for achieving higher productivity which the Lisbon Agenda proposes may jeopardise stability. Flexibilising, *i.e.*, the de-regulation of employment protection may improve the allocation of labour, but it also increases the turnover within the labour markets and thus destabilises employment (and unemployment).

The Lisbon consensus and security: similarly, there are connecting and distinguishing elements in the Lisbon Agenda and in the basic safety model. If we again take the Lisbon goal of raising employment through a ‘modernised’ social policy as an example, basic security can also be raised if this means that particularly low-income households or
single parents find work. The Lisbon Agenda stipulates a shift from ‘passive’ measures, such as social assistance, to ‘welfare-to-work’ measures, such as tax credits or active labour market policies that condition transfers of work or training, and thus promotes a shift of resources in order to provide social security at the lower end of the income distribution. However, some of the means that the Lisbon Agenda advocates for the lowering of labour costs may jeopardise basic security, at least in a universal sense. This is especially the case if some parts of public health and old age security become privatised; care may then become unavailable to some, or become available only in very different qualities. The productivity goal of the Lisbon Agenda to restructure the welfare state is compatible with the norm of providing basic security if the supply-side oriented upgrading of skills among low-qualified workers succeeds. It would lead to the social inclusion of the outsiders of the present employment arrangements. But the flexibilisation of employment contracts or the privatisation of public services to raise productivity will predominantly affect workers in low wage sectors, i.e., their jobs become disproportionately more part-time, fixed term or marginalised, and with few social benefits attached. This problem has already been noted in the EU’s joint assessment of National Action Plans on Employment.\(^{25}\)

This general outline has identified reforms that can be interpreted as an evolving Lisbon consensus in four different worlds of welfare capitalism; the next section explores whether we find them empirically.

II. Are there signs of a European social model emerging in Member States?
This section will explore whether the on-going structural reforms in the Member States make the productivist norm slowly but persistently an institutional reality, albeit in different, nationally adapted ways. To understand the latter, I will look at four EU Member States that are considered to represent the conservative Continental European welfare regime (Germany), the Southern European traditionalist regime (Greece), the Scandinavian social-democratic regime (Sweden), and the Anglo-Saxon liberal (UK) regime, respectively.\(^{26}\) The empirical sketch tries to discover to what extent these countries have undertaken Lisbon-type reforms,

\(^{25}\) Council, *op. cit.*, 12.
\(^{26}\) But, see H. Bolderson & D. Mabbett, ‘Mongrels or thoroughbreds: A cross-national look at social security systems’, in: (1995) *28 European Journal of Political Research*, at 119-139, for good arguments as to why this standard classification may be overly stylized; they show that, for political and functional reasons, different parts of the social security systems in OECD countries are characterised by different allocative principles (market, public goods, and taxation principles).
and whether these reforms can be interpreted as contributing to the emergence of a European social model, rather than a simple overhauling of the income maintenance or the basic security models. Since the purpose here is only illustrative, the analysis is confined to reforms of employment protection, non-employment benefits and – to take a fiscally pressing social policy area – old age security, specifically the employment of older workers and early retirement. These reforms are covered, for the period of 1986-2002, by the Social Reforms Database that the Fondazione Rodolfo Debenedetti maintains and updated by the labour market reform database of the European Commission for 2004. Unfortunately, there is no data on reforms in 2003.

What are the reforms that allow us to distinguish between the European and other social models? The defining difference between the three models is how they relate to the labour market. In the productivist model, social policy tries to achieve inclusion through employment and therefore even subsidises work that would otherwise not pay enough to make it worthwhile for the employed. In the income maintenance model, social policy tries to set standards for gainful employment through earnings-related benefits or regulation, and therefore deliberately influences the primary income distribution (before taxes and transfers). In the basic security model, social policy tries to interfere as little as possible with primary income distribution as determined in labour markets, with low benefits only setting a uniform reservation wage, and successively supplements income mainly on the basis of family, rather than employment, status. The Lisbon model thus distinguishes itself from the other two models in that it sees the labour market less as a resource for social policy and more as an addressee for transfers.

- Certain tax reforms ‘to make work pay’ would bring about a European social model in contrast and in tension with the stabilisation imperative of the income model: lower average income tax rates decrease the impact of automatic stabilisers because they simply have less weight in (taxable) household income. The same holds for lower marginal taxes, as a decrease in progressivity makes the automatic stabilisers less responsive to fluctuations in the business cycle. These tax reforms are also, albeit for different reasons,

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27 The password protected database of the Fondazione can be found at URL: http://www.frdb.org/documentazione/scheda.php?id=55&doc_pk=9027.

at odds with the basic safety model in so far as the model favoured a flat rate tax in order to finance redistributive benefits. The Lisbon Agenda, by contrast, encourages differential tax relief for low-income households. This makes the tax system more selective and progressive at the lower end of the earnings spectrum, thus creating poverty traps that replace unemployment traps at the margin.

- Some de-regulation of employment protection legislation (EPL) to ‘flexibilise labour markets’ may be at odds with the norms of income maintenance and basic universal safety, such as increasing the threshold of the firm size at which EPL applies, or allowing for an extension of unregulated casual work in contrast to well-defined fixed-term contracts. They will lower reservation wages and make earnings at the lower end of the income distribution more volatile, thus increasing the volatility of household spending and affect these workers disproportionately. To the extent that the de-regulations are limited to firms which hire previously unemployed persons, they may be compatible with providing basic security. But it depends on the extent to which the crowding out effects on previously employed low wage earners undo the intended result of integrating disadvantaged groups into the labour market.

- Finally, old age security reforms that withdraw early retirement schemes are in line with the productivist consensus, but at odds with the income maintenance model that prioritises stability. This withdrawal replaces stable pension incomes for 55-64 year olds with inherently more volatile earnings, which may be mixed with unemployment benefits. The same holds for privatisation, or moves towards a funded system, since that would make the part of pensioners’ income which depends on asset returns fluctuate with the stock markets. The withdrawal of early retirement schemes is not necessarily at odds with the basic safety model; pension privatisation, however, would be at odds with it if it reduced basic safety below the subsistence level of an average pensioner and thus jeopardised the old age security of low income households disproportionately.

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29 These stock market fluctuations can be mitigated to the extent that households hold well-diversified international portfolios, either directly or more likely indirectly, through institutional investors such as life insurers and hedge funds.

30 The latter is certainly not the result of a deliberate design. But it is arguable that the UK pension system entails that risk for low income households which have, on top of their state pension, some stake in occupational schemes only – firms’ pension obligations are unlikely to be honoured in the aggregate according to repeated warnings by the pensions watchdog (Pensions Commission, Pensions: Challenges and Choices, London: Pensions Commission, 2004 [URL: http://www.pensionscommission.org.uk/publications/2004/annrep/index.asp]). There will be strong political pressures to bail out such pensioners and thus transform the notional funded system into an actual pay-as-you-
The following table lists the goals of the Lisbon reforms to be looked at and how the three models would realise them in different ways.

Table 1: Goals of the Lisbon Agenda in the three different models

<table>
<thead>
<tr>
<th>Lisbon Agenda</th>
<th>European social model (productive factor)</th>
<th>New Deal model (income maintenance)</th>
<th>Beveridge model (basic security)</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Make work pay’</td>
<td>Short unemployment benefit duration; In-work benefits for target groups; Lower average and less progressive taxes</td>
<td>Employment-related benefits as a ‘carrot’; progressive tax structure</td>
<td>Low, short and targeted non-employment benefits as a ‘stick’; low flat rate taxes</td>
</tr>
<tr>
<td>‘Flexibilise labour markets’</td>
<td>Liberal Employment protection legislation (EPL); Temporary and fixed-term contracts, possibly tailored to target groups and firms; Shift to active labour market policies</td>
<td>Strict EPL or high replacement rate for unemployment benefits; Standardised contracts; Passive and active labour market policies necessary</td>
<td>Liberal EPL; Flexible standardised contracts; Active labour market policies not essential</td>
</tr>
<tr>
<td>‘Promote active aging’</td>
<td>No early retirement schemes; Promotion of privately funded sources of old age security</td>
<td>Early retirement schemes to maintain income and high value added jobs; Privately funded pensions only as top-up</td>
<td>No early retirement schemes; Basic state pension</td>
</tr>
</tbody>
</table>

The appendix contains an attempt to get an empirical hold on how strong the drive towards a European social model has been. Tables 1A–4A show what reforms have been undertaken to ‘make work pay’, to encourage the ‘flexibilisation of labour markets’ and
‘active ageing’ since the mid-eighties in the four countries chosen. The picture that emerges is not one-dimensional, but Germany and Sweden seem to be cases where clear steps towards a European social model are discernable, in contrast to modernised versions of the income maintenance or the basic safety consensus. This is also true for the UK but with the exception of EPL, while reforms in Greece are more in line with the Beveridge norm of providing basic universal security.

Measures to ‘make work pay’, i.e., to increase the returns from employment: there have been reforms in Sweden and the UK that are classified as ‘structural’ by the FRDB database, i.e., as affecting the system. They made the Swedish system less universal (for instance, no more re-qualifying for unemployment benefits through participation in subsidised jobs), and, in the UK, entailed a decisive move towards a welfare-to-work system in the UK, both of which are very much in line with the Lisbon Agenda. Reforms classified as ‘incremental’ have taken place in Germany, Sweden and Britain, all countries where unemployment benefits have been uniformly made less generous. This is contrary to what a model which prioritised stability would do. In Germany and Sweden, this is not necessarily at odds with a move to a basic safety model, because unemployment benefits are still comparatively generous in these countries, while there is a tension in Britain since benefit entitlements were not very generous to begin with. Reforms of unemployment benefits in Greece, which have extended duration and made payments less generous or flat-rate, can be interpreted as being in compliance with a model that prioritises basic security while it complies only partially with the Lisbon Agenda, as longer benefit duration reduces work incentives. Reforms of income taxes and social insurance contributions in Germany, Greece and Britain have all been in favour of making the tax and contribution system more ‘employment-friendly’ at the lower end of the earnings scale, by exempting low-wage earners from social insurance contributions (SICs) or by increasing tax credits or earnings allowances for people on benefits. 31 Exempting low wage earners from paying SICs, as occurred on a large scale with the creation of ‘mini-jobs’ in Germany, is against the norm of the income maintenance model since it excludes them from the social insurance system that makes employment worthwhile in this model. SIC exemptions do not conflict with the basic safety models since there is not much difference between the benefit levels from the means-tested and the insurance system, and so beneficiaries receive basic safety either way. In contrast,

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31 In Germany, this overlapped with endless fiddling with the level and composition of SICs that are earmarked, a sign that the contribution-based system is alive, even if it is not well (see Table 1).
earnings disregards and tax credits are compatible with, the income maintenance model which endeavours to set standards for primary income distribution, in this case by making income tax more progressive for low-income earners; however, these making-work-pay measures are at odds with the basic safety model which endeavours not to interfere with the income distribution as determined in lightly regulated labour markets.

Measures to ‘flexibilise labour markets’, i.e., to liberalise employment protection: Reforms have mainly been incremental, with the exception of Germany, where employment protection was de-regulated to a considerable extent in 1996. Some of these measures were reversed when the Schroeder government came to power in 1998, only to be reversed again by the recent Hartz reforms (not covered by the Fondazione database). With the exception of the UK, employment protection has, in general, been liberalised. However, in all countries, including the UK, this has been combined with active measures for target groups, namely programmes to subsidise or otherwise facilitate the employment of the long-term unemployed or unemployed youth. This is very much in line with the Lisbon Agenda, although it is at odds with the income maintenance norm which favours gainful employment and not ‘employment at any rate’. The likely increase of turnover in labour markets, and the introduction of transfers that fluctuate less with the business cycle than contribution-based unemployment benefits, reduces the stability of household incomes. The UK, on the other hand, combined such activation programmes with the introduction of a national statutory minimum wage and made parental leave more generous (which was, to some extent, induced by an EU Directive). The UK case is thus compatible with the Lisbon Agenda, neutral as regards a basic safety model that simply has no need for a minimum rate since the reservation wage is set by universal low benefits; finally, the UK reforms are ambiguous as regards the income maintenance norm since a minimum wage may exercise a downward convergence of wages close to that standard, but, at the same time, protect low wage earners more – although it has to be said that, even so, the UK still has the least protective regulation among European countries.32

32 According to the OECD Employment Outlook (OECD, Employment Outlook, Paris: OECD, 2004), the UK ranks first among the EU-14 countries (excluding Luxembourg; second among OECD countries behind the United States) in the OECD Employment Protection Strictness Indicator, while Germany has rank 8 (slightly more liberal than rank 9 in 1997), Greece rank 12 (down from 13) and Sweden rank 10 (up from 8 in 1997); the Swedish employment protection becoming more restrictive is not indicated by the FRDB database which tends to interpret reforms in Sweden as all supporting the Lisbon Agenda.
Measures to promote ‘active ageing’, i.e., to encourage or force workers over the age of 54 to stay in full- or part-time employment. The structural reforms that took place in Germany and Sweden, cautiously moving the systems away from entrenched principles, had in common that they made old-age social security less generous. In the German case, the reforms undermined the implicit guarantee of ensuring relative living standards between wage earners and pensioners (gross-wage adjustment), and introduced an adjustment that guaranteed the absolute purchasing power of pensions (by moving towards net-wage or inflation adjustment). In the Swedish case, the reforms brought about a prefunded system that marginally replaced the universal tax-based pay-as-you-go system. Both reforms are compatible with both the productivist and the security consensus. The German reform is fairly neutral as regards the New Deal model, in so far as it only attempts to limit spending on pensions overall; in contrast, the Swedish steps towards a funded system accepted the somewhat higher volatility of pensioners’ income in order to obtain a gain in fiscal sustainability. The record on early retirement schemes is that the UK did not do anything about them because there is no public scheme to begin with; in the other three cases, the entitlements became more generous in the late 1980s (Sweden) and early 1990s (Germany and Greece), and have rigorously been curtailed since 1993, Sweden being the front-runner. Again, the curtailment is compatible with the Lisbon goal of activating the hidden unemployed and the Beveridge model of providing only basic security to able-bodied adults of working age; but it is at odds with prioritizing stability by increasing the share of incomes that fluctuate with the business cycle.—The reforms that affected the mixture of public-private risk-sharing were bold in the UK and allowed households to contract out of the state pension scheme; in Germany, such reforms have been considerably more cautious and the Riester Rente is only meant to supplement public pensions. Both are in line with the Lisbon model, but, given the risks involved, do not focus on income maintenance; they are neutral as regards basic safety. This has become particularly apparent in the UK, where a large share of private pension schemes is technically insolvent, and the government has already been forced to step in to ensure a basic retirement income but is unwilling to make up for the full loss of entitlements. Reforms in Greece have the common theme of trying to make the public


34 Pensions Commission, op. cit.
system more universal and all encompassing by treating civil servants and employees in the private sector equally, and by taking more care of poorer pensioners, such as agricultural labourers. This is very much in line with the basic safety model. Sweden has seen reforms that make both private and public pensions less generous, largely by means of measures that are compatible with an income maintenance norm, such as taxing pensions or conditioning their level more strictly on life-time earnings.

To sum up and highlight the changes: the move away from the income maintenance norm is more noticeable than that from a focus on basic and universal safety; thus, there is relatively strong evidence of Lisbon-type reforms having been implemented. However, the reforms are often equivalent to the bringing about a basic security model. It is also worth noting that the record of reforms in these three policy areas suggests that the reform process in Germany appears to be the one most coherently in line with a productivist consensus, although it was briefly interrupted in the late 1990s when the Red-Green coalition first came into power. The Hartz reforms subsequently introduced in the period covered by the Fondazione database underline this further. At the other end of the spectrum is Greece, which seems to build a universal, basic security system. Finally, it might be noted that reforms in different policy areas can follow different norms.35

III. What obstacles are there for the evolution of a European social model?
It is unlikely that the empirical evidence of complex reform processes neatly fits or clearly rejects a simple conceptual framework. What it can do, even in the sketchy form presented here, is to give direction to the search for developing the conceptual framework. The evidence presented in Tables 1A-4A in the main supports the answer that there can be a European social model as defined here, namely, a model of productivist consensus. However, the evidence is still mixed and the changes that have been made are not always distinguishable from reforms that only aim at modernising the existing social models. The direction that I take from this mixed evidence is to look at the inherent obstacles that governments face when they try to implement what they have signed up to in the Lisbon Agenda. Such obstacles may

35 This resonates with the more systematic but also static analysis of Bolderson & Mabbett (op. cit., 123-124) which finds different parts of the social security system following different, even competing or contradictory, principles. The authors explain these tensions as the legacy of the prevailing political forces at the time of their implementation.
favour reforms that are ambiguous in their normative emphasis and can serve a productivist imperative as well as the existing norm.

One obstacle is the fact that the Lisbon Agenda is not a free lunch, as prioritizing productivity and employment over income maintenance and basic security has economic costs. The costs in terms of stability are that the effectiveness of tax-benefit systems to reduce the volatility of household incomes may be weakened.\textsuperscript{36} This is mainly a consequence of the attempt to lower average and marginal taxes in order to increase work incentives. At least within the range relevant to most European fiscal systems, a larger size of government makes for more stabilising capacity, partly because it has a greater weight in household income and partly because it provides a larger sector of safe employment. Progressive taxes also make for more stabilising capacity provided that high marginal tax rates do not lead to endemic tax evasion; these higher marginal taxes make the automatic stabiliser of taxes more responsive to income fluctuations in the business cycle. There are also some \textit{a priori} reasons to expect that Lisbon-type reforms increase the volatility of employment and income, in that these reforms give the automatic stabilisers more to stabilise. As already mentioned, one robust finding in empirical studies of labour market reforms is that they increase the turnover, \textit{i.e.}, some long-term unemployment becomes short-term unemployment without much impact on the overall level of employment.\textsuperscript{37}

The economic costs in terms of less security can be comprehended by ‘the risks of jobless growth’.\textsuperscript{38} GDP growth of between 1 and 3 per cent is, for most people, a barely fathomable statistical phenomenon, while an increase in actual or potential unemployment is a tangible, often traumatic experience that may even be subjectively perceived as more threatening than it actually is objectively. Ever since the visible on-set of the currency union in 2001, unemployment has increased while employment has also risen albeit more slowly and less than GDP. While structural reforms and wage moderation seem to have paid off in terms of increasing employment, moderate GDP growth has still led to more unemployment in its wake, in that the ‘structural increase in the labour supply (mainly due to female) has taken place at a faster pace than the creation of additional jobs’.\textsuperscript{39} Greece, Germany and

\textsuperscript{36} Mabbett & Schelkle, \textit{op. cit.}
\textsuperscript{38} Directorate General for Economic and Financial Affairs, \textit{op. cit.}
\textsuperscript{39} \textit{Ibid.}, 10, 16.
Sweden in particular have seen large increases in unemployment.\(^{40}\) While it is too early to obtain hard evidence, it seems that the most likely explanation for this ‘joblessness’ of growth is a combination of more flexible work organisation and macro-economic uncertainty.\(^{31}\) In other words firms were not as fast as they had been in earlier recoveries in responding to the moderate recovery in 2004, in terms of hiring permanent employees (in Germany and the UK), and opted to employ temporary and part-time workers, instead. And firms responded to the last recession more strongly in terms of the tendency to reduce their workforce. Thus, if these responses were facilitated by Lisbon-type reforms, many workers must have found that the early years in EMU have provided considerable less job security and, if the risk materialised, less generous safety nets with which to take recourse.

Closely related to the obstacle of economic costs, with regard to both stability of income maintenance and individual security, is the second, political obstacle. The Lisbon Agenda makes reforms a hostage to economic success. In particular, in its recent interpretation of the Mid-term Review by the Commission\(^{42}\) or the Kok Report\(^{43}\) that preceded it, a benchmark was established that the success of social policy reforms was to be measured in terms of an increase in economic growth and a consequent reduction in unemployment. However, if growth is not perceived to be increasing or if the threat of unemployment remains, this benchmark becomes a political liability.

Moreover, the implementation of the productivist model has institutional consequences for labour market arrangements.\(^{44}\) It uses labour markets much less as a financial and political resource for social policy, be it through revenues from employment or by making social partners become the stakeholders of the welfare state. This is of particular relevance for the income maintenance model. Countries such as Germany, which seem to move slowly but surely away from it, will have to find alternative ways of financing social expenditure, for instance, by taxes on consumption and pensions. Not only will this shift of tax bases away from earnings and SICs be contentious, it will also weaken the nexus between the costs and benefits of social security perceived by workers and the direct link to labour costs that can be used for political exchanges in social pacts and collective wage agreements.

\(^{40}\) Ibid., 15.
\(^{41}\) Ibid., 55-56.
\(^{42}\) Commission of the European Communities, op. cit.
\(^{43}\) Kok et al., op. cit.
\(^{44}\) I am grateful to D. Mabbett (Birkbeck) for pointing this out to me.
Thus, the transition to the Lisbon model intends to spread less generous benefits more widely, is therefore prone to lose the traditional political support of the social partners in the process while it is not clear yet how the support from the new stakeholders can become strong and institutionally embedded.

Finally, the reliance on output legitimacy is precarious, as Eriksen and Fossum rightly point out\textsuperscript{45}, all the more so if the perceived success of policies depends on outcomes which governments cannot fully control or generate. The authors are optimistic that other sources of legitimation are available and can, and indeed should, be tapped. However, policy-makers do not appear to be very enthusiastic and tend to avoid overt attempts at post-national community building that an alternative, more robust legitimation would require. An ameliorating factor here is that the thrust of the Lisbon Agenda is, to some extent, compatible with, or less distinguishable from, reforms that would promote a basic security model. If so, the Lisbon Agenda disposes of some in-built safeguards against becoming too much of a political liability, at least with regard to low-income households for whom basic safety nets are crucial. But again, it will be no easy political task to make this potential advantage of more targeted social inclusion an asset in electoral terms.

The existence of these economic and political obstacles indicates just how challenging the Lisbon Agenda is for governments. They are not only asked to make their electorate tolerate the loss of basic assurances, the same reforms may also make income and employment individually less stable and/or fiscal stabilisation less effective. This hardly gives the impression of effective government bolstered by the benign force of European integration.

### IV. Conclusion

The affirmative, if qualified, answer to the question ‘Can there be a European social model?’ may be re-stated more clearly with reference to key articles of the CIDEL project.\textsuperscript{46} Like Eriksen and Fossum\textsuperscript{47} and Joerges and Roedl\textsuperscript{48}, it seems to me that this question has to be discussed in its normative dimension rather than at an institutional level. Institutionalist approaches have been very useful for the comparative study of welfare state reforms. But in this context, they entail either a trivial answer – that there cannot be such a model – or a

\textsuperscript{45} E.O. Eriksen & J.E. Fossum, \textit{op. cit.}, at 440-441.
\textsuperscript{46} See, also, the various contributions in: E.O. Eriksen (ed), \textit{Making the European Polity. Reflexive integration in the EU}, (Oxon/New York: Routledge, 2005).
\textsuperscript{47} E.O. Eriksen & J.E Fossum, \textit{op. cit.}
\textsuperscript{48} Ch. Joerges & F. Rödl, \textit{op. cit.}
contradictory one since, by definition, an ideal type cannot evolve empirically and yet, in reality, the ideal type seems to be challenged or even undermined. However, the answer is neither trivial nor contradictory if we conceptualise the European social model as one which focuses on a functionalist consensus that social policy should, above all, operate as a productive factor for the economy. This is in contrast with the normative models that prioritise either social and economic stability through income maintenance, or basic, universal safety in an industrial society.

My conclusion that there appears to be a discernible trend towards a productivist, specific problem-solving consensus is, possibly, still in agreement with the CIDEL authors. This holds at least for the reforms between 1986 and 2004 in such different welfare regimes as that of Germany, Sweden and the UK; the reforms in Greece were more compatible with a basic safety model. However, the emergence of such a consensus does not presuppose institutional convergence. It would be most remarkable if the formation of a Lisbon consensus could be confirmed in future, more systematic, research, since it would come about against the odds of formidable economic and political obstacles.

The CIDEL authors interpret these obstacles as pressure to seek alternative normative foundations for social policy integration, namely, norms that are less functionalist, utilitarian and consequentialist. It is here that I depart from their viewpoint. This presupposes that what is contested and what is perhaps even an inherent contradiction – such as the EU’s practice of benchmarking against outcomes for which policy-makers cannot be fully held responsible -- must move to a more harmonious state of affairs in which the contradictions will be resolved. To a (non-Marxist) political economist, this sounds somewhat voluntaristic and apolitical. Democracies live with contradictions. In fact, being able to integrate and not suppress them may be seen as the basis of their legitimacy, because it maintains the promise or illusion that every citizen has a chance to get his or her preferred political arrangement, policy or solution some future time. Too obvious and contentious a thrust of a reforming social policy in line with the productivist imperative would, therefore, be highly risky, both economically and politically. But a clear shift to any other legitimizing strategy would also be.

This entails a last issue for debate. Underlying my contribution is the contention that the motives of governments for giving the EU a say in domestic welfare state reforms are utilitarian or instrumental, even if they are not without risks both for themselves or for the
legitimacy of European integration.\footnote{W. Schelkle, ‘Understanding new forms of European integration: a study in competing political economy explanations’, in: E. Jones & A. Verdun (eds), \textit{Political Economy Approaches to the Study of European Integration}, (London/New York, Routledge, 2005), Ch. 9.} What makes me expect that this will be the case for the time being is that one can discern a ‘commerce clause’ logic in this EU mandate. This clause allows central intervention and assignments of competency if there is an ‘externality’ or ‘spillover’ that jeopardises the common good of free exchange (in the case of a negative externality) or would enhance its usefulness (if positive). Thus, whenever a fundamental common good, interstate free trade in the case of the US, or more broadly economic welfare and cohesion in the case of the EU, is potentially affected, the central governance level may come in and push the members to behave in ways they have signed up to as it is in their long-term interest. Such utilitarian rationales are political instruments, especially for law-makers and courts, which put the burden of proof for intervention on the federal government, just like the more political and institutionalist subsidiarity principle. The commerce clause has the advantage of sounding less principled or ideological than the subsidiarity principle, but is rather interest-based in its promise to protect a common good. The commerce clause as it actually exists in the U.S. federation seems to give the federal or central level of government a narrow mandate, namely, when free trade between Member States is threatened, but it has been applied liberally or strictly in line with the broad political consensus of the time, for instance, it can be used to justify federal responsibilities for social assistance.

The perception of what is in the Member States’ long-term interest may not always be accurate and is itself contestable, of course. But if politicians in EU Member States stop using this political instrument of arguing that Europe has an important problem-solving function for the nation, a powerful legitimizing strategy of European integration ceases to operate. The commerce clause rationale for an EU mandate in social policy may be the least attractive for those who support ever deeper European integration, but it may be the only one for which there is a virtual democratic majority.
### Appendix: Reforms discriminating between social models

#### Table 1A: Germany

<table>
<thead>
<tr>
<th>Reform area</th>
<th>Measures 1987-2004</th>
<th>ESM?</th>
</tr>
</thead>
</table>
| Unemployment benefits                | 1994 UB reduced by 3%  
1995 duration of payments limited  
1997 rules on job refusal and eligibility criteria tightened  
1999 eligibility criteria slackened for carers  
2004 merger of UB and social assistance means cut in average level of UB; cut in duration of UB; tightening of means-testing; tightening of work requirement | Yes               |
| Taxes and social insurance contributions (SICs) | 1987, 1995, 2000 reduction of SICs  
1997 admissible wage base to count subsidies lowered  
1999 earnings allowance of up to 20% of UB  
1999 obligation to pay SICs extended to casual employment and ‘apparently self-employed’ | Not clear         |
| EPL for all workers                  | 1993 notice period for blue-collar workers extended to that of white-collar workers                                                                                                                                 | No (Beveridge)    |
| Measures for target groups           | 1997 more flexible employment contract in case of hiring longterm unemployed  
1997, 2000 part-time employment of elderly and older workers subsidised and made possible, respectively  
1999 access to job creation schemes facilitated; employer subsidies for new jobs of up to 5 ys; action programme to reduce youth unemployment through public offers  
2001 active measures to fight unemployment of disabled persons  
2002 Job Aquitive Act to increase employment and training  
2004 new category of very low-paying jobs introduced for recipients of UB (new ALGII), refusal can lead to suspension of assistance | Yes               |
| Early retirement schemes             | 1990, 1991 ER made easier  
1994, 1996, 1997 ER made more difficult, gradual                                                                                                                                                                         | Yes (overall, but uneven progress) |
withdrawal agreed in 1996
1999 reversed previous increase in ER age
2004 increase of minimum entry age from 60 to 63 years

| Private-public risk-sharing in old-age security | 1997 phased decline in average replacement rate from 1999 onwards
2001 voluntary funded system to complement gradual reduction of replacement ratios for new retirees from 70% to 67-68% in 2030
2004 phasing in of taxes on all pensions and earnings | Yes (but not distinct from New Deal) |

Table 2A: Greece

<table>
<thead>
<tr>
<th>Reform area</th>
<th>Measures 1987-2004</th>
<th>ESM?</th>
</tr>
</thead>
</table>
| Unemployment benefits | 1990 duration of UB raised from 7 to 12 months
1996 UB set at less generous flat rate | No (Beveridge) |
| Taxes and social insurance contributions | 1998 small reduction of non-wage labour costs for youth hirings
2000 2% reduction of employers’ SICs for low-wage workers
2004 tax reductions for low income earners, divorced parents and those working in lagging regions | Yes |
1998, 2000 promotion of part-time employment
2001 practice of temporary employment introduced
2004 overall duration of successive contracts in public sector must not exceed 24 months; facilitate conditions for renewal of fixed-term contracts in the private sector but also for converting fixed-term contracts into contracts of indefinite duration | No (Beveridge) |
| Measures for target groups | 1997 active measures to fight unemployment of disabled persons
1998 employment subsidy programme for young and longterm unemployed
2004 provision of job placement incentives for UB | Yes |
recipients; incentives for employers to hire women, youth and elderly

<table>
<thead>
<tr>
<th>Early retirement schemes</th>
<th>1990 ER introduced for elder unemployed workers</th>
<th>No (New Deal)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1992 back-loaded pension formula to encourage later retirement</td>
<td></td>
</tr>
<tr>
<td>Private-public risk-sharing in old-age security</td>
<td>1996, 1997, 1999 new means-tested pension supplement; access facilitated and increased by about 50%</td>
<td>No (Beveridge)</td>
</tr>
<tr>
<td></td>
<td>1997 new contributory scheme for agricultural sector</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2002, 2004 general contribution rules for wage earners, extended to self-employed</td>
<td></td>
</tr>
</tbody>
</table>

Table 3A: Sweden

<table>
<thead>
<tr>
<th>Reform area</th>
<th>Measures 1987-2004</th>
<th>ESM?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment benefits</td>
<td>1993 UB replacement rate reduced from 90 to 80%; 5 day waiting period</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>1995 replacement rate reduced from 80 to 75%; 1995, 2001 tighter rules for refusal of job offers and active job-seeking</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1997 Employment Bill: structure of UB changed, flat rate component in addition to earnings-related part; no more re-qualification for UB through subsidised jobs</td>
<td></td>
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<tr>
<td></td>
<td>2002 child care incentive to seek or extend employment</td>
<td></td>
</tr>
<tr>
<td>Taxes and social insurance contributions</td>
<td>2004 tax reduction on labour income by lump-sum for rise in energy taxes</td>
<td>Yes</td>
</tr>
<tr>
<td>EPL for all workers</td>
<td>1992 government wage guarantee in case of firm’s bankruptcy lowered</td>
<td>Yes (but not distinct from New Deal)</td>
</tr>
</tbody>
</table>
restrictions; after 3 ys to be turned into permanent contracts
2001 EU Directive facilitates part-time work

| Measures for target groups | 1986, 1987 training participation qualifies for UB; public job offer for unemployed close to benefit exhaustion
1994 training participation to qualify for UB abolished; youth practice labour market scheme phased out
2000 longterm unemployed required to participate in full-time activation measures
2001, 2004 adjustment insurance scheme for blue-collar older workers facing redundancy made more generous | Yes (except reform in 2004: New Deal) |

| Early retirement schemes | 1987 semi-retirement pensions increased from 50 to 65% of last income
1993 rules for ER tightened
1994 age limit for part-time retirement raised from 65 to 66, replacement rate lowered from 65 to 55%
1999 reduction of ER benefits by 6%
2000 new rules allow early retired return to work | Yes |

| Private-public risk-sharing in old-age security | 1994 increase of tax on private pension schemes
1998 introduction of prefunded element; retirement age made flexible without upper age limit; guaranteed minimum pension for those with insufficient rights
1999 lower benefits and less favourable indexing of current old-age benefits
2001 size of pension payments more strongly linked to total life income than previously | Yes (but not distinct from New Deal) |

Table 4A: United Kingdom

<table>
<thead>
<tr>
<th>Reform area</th>
<th>Measures 1987-2004</th>
<th>ESM?</th>
</tr>
</thead>
</table>
| Unemployment benefits | 1987, 1988, 1989 UB reduced by various measures (longer waiting periods, net rather than gross earnings)
1989 rules on job refusal made tighter | Yes |
| Measures for target groups | 1996 minimum income guarantee for disabled persons to move them into job  
1997 job-search and training measures for lone parents  
1998 Welfare to Work programme, covering longterm unemployed, disadvantaged and disabled persons, lone parents  
2004 enhanced financial incentives for helping lone parents into work of at least 16 hours p.w. | Yes |
| Early retirement schemes | n.a. | n.a. |
| Private-public risk-sharing in old-age security | 1987 employees allowed to contract out of State Earnings Related Pension by joining an individual pension scheme to which State Dept. pays minimum contribution  
1989 employers allowed to set up ‘top-up’ pension schemes for their employees  
1995, 1999 new private pension schemes  
1999 minimum income guarantee for pensioners  
2004 new retirement options providing greater flexibility to employers and employees; facilitate development of pan-European occupational pension schemes | Yes |

Sources: FRDB Social Reforms Database (1987-2002)

http://europa.eu.int/comm/economy_finance/indicators/labref/