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9

New Social Risks and Welfare States: New Paradigm and New Politics? No - see conclusion

Peter Taylor-Gooby

The social changes associated with the post-industrial transition increase the exposure of some groups to new needs. These give rise to the new social risks that we identified in Chapter 1, associated primarily with family and labour market changes and welfare state reform. This chapter reviews the development of such risks in European countries and analyses policy responses. We will consider how new social risk issues are best understood in terms of the evolution of European welfare states and in terms of the political processes that will shape future patterns of welfare state development. In the former area we will discuss issues of convergence and path dependency, of whether the instruments used to meet new social risks are qualitatively different from those used to tackle old social risks and of the goals and processes of welfare state policy-making; the key question is whether new social risks contribute to a new paradigm of policy-making, or whether new social risk policies are best understood as following the existing pattern of differentiation by welfare state regime. In Chapter 1 we suggested that the impact of new social risks tends to be reinforced or mitigated by the existing welfare settlement, and that regime framework also exerts a strong, but not determining, influence on policy response. In the latter area of political process, the focus will be on the extent to which new social risks lead to a realignment of political forces and to a 'new politics' of welfare. Our Chapter 1 hypothesis was that changes will be most marked in areas where the interests of more powerful social actors coincide with those of new social risk bearers, and will be shaped by those interests. Context

As in the case of the introductory chapter, I am grateful to the WRAMSOC groups for ideas and suggestions generated in debates during the course of the research project.

The Emergence of New Social Risks and Responses to Them

The accounts of experience and of policy-making at the national and EU level in Chapters 2–8 shows how institutional structures influence both the emergence of and the response to new social risks. Contemporary analysis of European welfare states typically categorises them in a framework derived from Esping-Andersen's influential work on regimes (1990, 1999), as was discussed in Chapter 1.

Regime categories offer a convenient framework for summarising old social risk policies. We show that regimes shape the emergence of new social risks, but in many cases policy responses involve new departures. These indicate possibilities for a 'new politics' of welfare. New social risk policies do not restructure the pattern of regime differences. They are insufficiently substantial in public spending terms, accounting for less than three per cent of GDP across the European Union (Table 1.1). Even in France, the evolution of the targeted 'second world of welfare' described in Chapter 5 has resulted in an increase in the proportion of social benefits administered through means-test from 10.9 to only 11.5 per cent between 1991 and 2000 (Eurostat, 2003*a*). The impact of reforms on citizens' lives is limited, being focused primarily on transitions into paid work or specific phases in the family life cycle. However new risk policy-making does reveal opportunities for welfare state dynamism and innovation even in those areas where immobility and austerity pressures seem strongest.

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

The European Union is also included in the analysis of this book because it has taken a strong interest in the area of new social risks and is likely to become more influential in the future. Its approach to welfare does not fit neatly into the traditional regime framework and its authority is limited. As Chapter 8 shows, 'open market' policies, reinforced through legal and financial sanctions, dominate EU policy at the economic level and exert a real indirect influence on national welfare systems (Leibfried and Pierson, 2000: 269). The EU's attempts to construct a 'social dimension' on a similar scale to its economic policies through the *rapprochement* of national

systems were unsuccessful. Overt engagement with social provision is now chiefly through the more circumspect 'open method of co-ordination'. The strongest element in OMC has been the employment strategy, with its commitment both to broadly market-centred goals of greater flexibility, and to a more progressive vision of expanding opportunity through investment in human capital. This is paralleled in the social inclusion and education strategies and the mainstreaming of equal opportunity policies for women which bear in practice on work, education, and training (Leibfried and Pierson, 2000: 271; Geyer, 2001: chs. 5 and 7). As an embryonic welfare system, the EU's approach appears to reflect some feature of the market-oriented liberal regime, but also to include commitments to intervention intended to promote more universal access to the benefits of market-led growth.

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

Nordic Countries

Nordic countries have established traditions of social service support to enable women to function as citizen-workers, and the two case-studies included—Finland and Sweden—provide good examples. Both spend more than twice the EU average on services for women with children and about three times the average on services for older and disabled people (Table 1.1). The commitment to support for all 'citizen-workers' is reflected in the narrowness of the gap between men's and women's participation in paid work (along with Denmark, the narrowest in the European Union) and the fact that, along with other Nordic countries, they comfortably exceed the EU's Stockholm targets (Table 9.1). Both countries also have well-developed

Table 9.1 Employment 2001

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

Note: Full-time means at least 30 hours a week; long-term means more than twelve months

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

schemes for ensuring that those without jobs have access to programmes to enable them to develop new skills and lead the European Union in Active Labour Market Programmes throughout the 1990s. However, recent cut-backs on spending in these areas (particularly on job subsidies in Sweden) as employment improves, coupled with a greater emphasis on activation policies in corporatist countries, lead to a situation in which activation spending in the latter group parallels or exceeds that in the former (Table 9.2).

The long-standing tradition of provision to address the issues which have emerged more recently as new risks in other countries generates a rather different structure of new social risks in Nordic countries from that elsewhere in Europe, as Chapter 4 shows. Groups such as immigrants, lone parents, and large families have had to face increasing pressures during the last decade and are less well served. In addition, recent welfare state reforms that curtailed the main pay-as-you-go financed state pension scheme and established compulsory private funded pensions alongside it, give rise to future possibilities for the emergence of new social risks among those whose private pension component performs badly.

Table 9.2 Spending on active and passive labour market measures (% GDP, 1997–2001)

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

Notes:
[a] 1999 figure

Source: Calculated from OECD (2003*a*: table H)

Nordic social welfare systems have been broadly successful in maintaining incomes among those most affected by the recessions of the 1980s and early 1990s, and the consequent rise in unemployment and spending constraint, so that poverty levels remain the lowest in the European Union and inequalities the least marked (Table 9.3). New risks in these countries are thus potential rather than actual. As a number of commentators have pointed out (Kuhnle, 2000; Esping-Andersen, 2002: 17) the main issue

Table 9.3 Poverty and inequality (ECHP, 1999)

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

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

Source: ECHP: EU (2003*b*)

the main issue

confronting the Nordic welfare system is whether it will be possible to maintain the tax and employment rates necessary to sustain it in the face of growing international competition from countries with greater degrees of social inequality and lower spending. This issue also emerges powerfully in internal debates, with some influential private sector figures leading the case for greater flexibility in employment, see pp. 98, 109. Thus the emergence of new social risks in this context is shaped by the existing high level of universal and wide-ranging provision which caters effectively for the needs experienced elsewhere in Europe as new risks. Existing policies impose particular pressures on welfare provision and these seem likely to influence the extent to which reforms in the future may lead to the emergence of further areas of new social risks.

Corporatist Countries

The study includes the two most important European examples of corporatist welfare states—France and Germany—and also Switzerland, where welfare reflects key features of corporatism, but in some areas achieves provision closely related to employment status through compulsory occupationally related private insurance, rather than social insurance (Adema, 2000). In these countries old social risks policies have developed around the needs of a male breadwinner industrial working class, and new social risks present substantial challenges. There is one key difference: in relation to the risks surrounding women's access to paid work, France stands out among corporatist countries in terms of the extent to which it has developed extensive pre-schooling and child-care support policies which enable women to maintain a higher degree of commitment to paid work when responsible for young children (Table 1.2). Women's overall participation in the labour market is in fact close to the EU average and lower than that in most corporatist countries, but women who do work are more likely to be able to do so full time (Table 9.1). One development in the 1980s has been the APE benefit, which pays cash benefits to support women who stay at home to care for their children, leading to what is effectively a dual system. This may be responsible for a decline in recent labour market participation by mothers (pp. 130–1). The further extension of child-care provision is a major topic of debate. A national scheme of support for elder care has emerged only in the late 1990s.

In general, new social risks in these countries have emerged in ways that are shaped by the existing structure of old risks welfare: the Bismarckian model resulted in relatively weak provision for child care in Germany and Switzerland, and provision has expanded only recently. Christian Democrats in Germany have tended to stress the equal worth of paid work in the formal labour market and care work in the home. In 1986 the Kohl government implemented a major reform of parental leave and of other policies which had the effect of promoting part-time working for women (p. 39). More recently, Social Democratic/Green Party Federal governments have pursued policies which encourage state governments to extend the primary school day and increase provision of child care, through specific subsidies and more indirect support. The political conflict over mothers-at-home benefits against day care provision has some similarities to that in France in the 1990s. In Switzerland much provision is cantonal, but very recently federal subsidies have been provided to promote day care (pp. 178–9).

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

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

During the 1990s there has been a tendency to cut back such schemes, to promote more limited and flexible work contracts that do not carry the expensive social insurance contribution obligations of established jobs and to develop extensive activation programmes, particularly through training and subsidised employment (OECD, 2003*a*: table H). Concern about social insurance contributions in France centred on the issue of how far employment costs damaged the competitiveness of national industry. French social insurance contributions raise 15.2 per cent of state revenue and are the highest in Europe (Table 9.4). They bear particularly heavily on employers, fuelling anxiety among business groups.

In France, the reforms have been part of the process whereby a 'second world of welfare' has developed alongside the social insurance system to meet the needs of groups weakly attached to paid work (p. 132). This world

Table 9.4 Social security contributions

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

Note:
[a] EU-14 figures

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

consists of means-tested support, typically linked to requirements to engage in activities likely to increase employment opportunities. Thus social inclusion spending, almost all of it means-tested, has increased at just over one and a half times the growth rate of state spending as a whole between 1991 and 2000 (Eurostat, 2003*a*). A negative income tax (*Prime pour l'Emploi*) has been introduced to enhance work incentives. Insurance unemployment benefits have been reformed to increase pressure to pursue work.

In Germany, the fact that economic growth was the slowest in Europe throughout the 1990s (at 1.3 per cent, roughly two-thirds the European average—OECD, 2003*b*: 14) dominated political debate on labour market reform. Debates about insurance contributions were also coloured by concern about electoral punishment as the gap between gross incomes and take-home pay grew wider. Employee contributions are roughly equivalent to employer contributions and raise 6.5 per cent of total tax revenue, the second highest proportion in Europe (Table 9.4). Reforms have emphasised job subsidies (especially in the context of the dislocations to the labour market resulting from the reunification with the East) and on the promotion of 'mini' and 'midi' jobs to enhance labour market flexibility (pp. 35–7). A particular concern was long-term unemployment—highest in Europe after Italy and Spain (Table 9.1), and continuing to rise to 48 per cent of all unemployed by 2002 (OECD, 2003*b*: 20). The 1998 Red/Green government initially reacted against the more liberal measures of the previous government, but by 2002 was implementing tougher entitlement criteria, stricter activation measures and introducing a new more directive means-tested benefit for the long-term unemployed.

While unemployment in Switzerland has remained relatively low by European standards, the levels reached in the mid-1990s (5.7 per cent by 1997) were sufficiently high to generate intense policy debate. Social contributions are much lower than in other corporatist countries, since so much of pensions and health care is financed through occupational insurance (p. 223). However, increased claims jeopardised the finances of the schemes. The legislative response in 1995 incorporated both increased contributions and time limits on entitlement (to restore financial stability) and subsidies for cantonal activation programmes. This enabled a compromise between the programmes of right and left parties and the interests of employers and unions to be achieved, in keeping with the consociational basis of Swiss policy-making.

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

standards. The German scheme is highly regulated and there is considerable debate about the extent to which the restrictions limit returns deter investors.

Old social risks policies clearly play an important role in regulating the emergence of new social risks in corporatist countries in two ways, passively by ensuring that resources are directed to the particular needs of a life-course structured by the traditional industrial labour market (so that policy-makers have been slow to recognise the new needs of mothers and carers seeking to enter paid work and those unable to access employment); and actively by reinforcing labour market structures and systems of family life which compound the exclusion of such groups. Policy-making has been delayed by struggles between reformers and the entrenched interests surrounding old social risks policies, who typically have access to a range of veto-points in corporatist systems, and is in most places incomplete.

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

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

Liberal Countries

The United Kingdom is the foremost example of the liberal regime in Europe. Here new social risks needs were largely neglected by the self-consciously monetarist Conservative governments in the 1980s and 1990s on the assumption that a freer and more flexible labour market would absorb those at high risk of unemployment, and that child care could also be managed primarily through the market. However, policies to meet such needs formed a major part of the New Labour programme from 1997 onwards (pp. 66–7). The New Labour approach followed the central theme of the liberal model: highly targeted provision, directed at the enhancement of market success. It involved new departures in the UK context (substantial extension of policy intervention in areas which had previously been treated as largely private concerns and enhanced regulation of the private sector) and was linked to a modernised social democratic agenda of the promotion of citizen interest through equal opportunities and supportive provision.

New social risks in the United Kingdom have emerged in ways influenced by the existing welfare system and particularly by the weaknesses in provision that result from reliance on the market. Child-care provision had been limited and largely privately provided, so that, while female employment is relatively high (Table 9.1), mothers are much less likely to engage in paid work than elsewhere, or to move from full-time to part-time employment (Table 1.2). The shift away from traditional industrial breadwinner employment was more rapid than in most other European countries. The proportion of the labour force employed in the industrial sector in the United Kingdom fell from fourth highest in the European Union after Germany, Spain, and Italy in 1991 to fifth from the bottom (exceeded by France, Sweden, the Netherlands, and Greece in 2001—OECD 2003*b*: 16). Privatisation in areas such as pensions opened up potential new social risks among those with low or uncertain incomes. The relatively deregulated labour market combined with weak provision for more vulnerable groups had produced high levels of poverty and inequality (Table 9.3).

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

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

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

Mediterranean Countries

Spanish experience with new social risks typifies many of the issues facing Mediterranean countries. New risks have emerged most powerfully in relation to high levels of unemployment, especially among young people (over 22 per cent for 15–24 year olds in Spain in 2002—OECD, 2003*b*: 20), and for the long-term unemployed where the rate is the highest in Europe after Italy, Greece and Germany (Table 9.1). They are also beginning to appear in the conflict over reconciling work and family life for women. As the table shows, women's overall employment rate in Mediterranean countries (with the exception of Portugal) is the lowest in Europe, although engagement in full-time work is closer to the European average and higher than in liberal and some corporatist countries.

Existing old social risk welfare systems are less well-developed than elsewhere in Europe, and have influenced the emergence of new risks through the weakness of provision for those without secure labour market attachment and the dominant assumption that care is provided informally by women (pp. 139–40). Family solidarity has traditionally sustained more vulnerable members, and helped to manage issues of poverty in the absence of robust state support. New social risk policies that deregulate employment have intensified the risks for some groups. Limited access to secure jobs and weak assistance benefits contribute to the highest poverty rates in Europe and highly unequal societies (Table 9.3).

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

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

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

Mediterranean welfare states have not developed extensive new social risk policies. One result is a dramatic decline in fertility, since women are unwilling to balance the roles of informal domestic carer and paid worker and opt increasingly for the latter (Castles, 2003: 209, Moreno, 2002: 6), but this issue is only now entering policy debate.

The EU Level

The EU commitment to the principle of subsidiarity means that it is insufficiently active in social policy to influence the emergence of new social risks. However, Open Market and associated Growth and Stability Pact policies have had an indirect influence on social issues. In the former case, industrial restructuring associated with freer European competition impacts on the pressures for greater labour market flexibility and for reduced labour costs at the national level, and contributes to the reforms in the more regulated labour markets of corporatist and Mediterranean countries. The pact imposes additional pressures for spending constraint and these have contributed to policies such as the round of pension reforms that took place across Europe in the early and mid-1990s (Lintner, 2001: 330). Many of the national policies discussed above have been pursued in the shadow of EU economic policy. Enlargement, which will broaden the open market to include more diverse economies, at different stages of development, is likely to increase pressure for economic flexibility, with repercussions for social policy.

Open Market + Growth and Stability Pact

odezva, následek, dopad

Support from member states for initiatives to harmonise welfare across Europe lost support in the early 1990s. An important set of recently developed policies attempts to influence reforms at the national level through targets set in the OMC. This influence is applied at the level of policy outcome, with the choice of measures left to the individual state. The five-year impact evaluation of the EES (the most advanced OMC policy relevant to social issues) concluded that 'there have been significant changes in national employment policies, with a clear convergence towards the common EU objectives', and highlighted activation policies, employment-friendly labour taxation, greater flexibility and improvements in child care (EU, 2002c: 1). While policies which promote activation, reform tax to reduce labour costs, advance equal opportunities, expand child care and encourage the availability of more flexible jobs can be identified in EU member countries, it is hard to establish how far these developments are the outcome of EU-level activity or of more far-reaching and simultaneous social changes. The report admits that labour market participation is still

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'far below the Lisbon targets' (EU, 2002*b*: 16) The lack of EU-level enforcement mechanisms (as exist for economic and fiscal policies in the Broad Guidelines for Economic Policy, EU, Regulation 1466/97. L 209/1) and of subsidies to promote the required changes makes major departures in reform inspired at the EU level unlikely (Chalmers and Lodge, 2003: 6).

Directives in areas such as parental leave and working time have required national governments to improve the level of provision to a common standard and, perhaps more important, stimulated 'surprisingly far-reaching effects' in voluntary reforms exceeding the level required (Falkner and Treib, 2003: 20). EU 'soft law' also provides legitimatory resources to national policy actors and acts as a catalyst in the formation of coalitions—for example in relation to assistance in Spain and other Mediterranean countries (Matsaganis et al., 2003: 652) or for pension reform in France (Palier, 2003: 5) and stimulated policy-learning (O'Connor, 2003: 12).

The EU policies thus have real but weak effects on outcomes at the national level. Whether the OMC provides a setting in which more directive policies will be possible in the future is at present unclear. It may be argued that the open method is a considerable threat to existing policy advance in European integration, on the grounds that the establishing of OMC practice with no enforcement mechanism institutionalises and legitimates national differences (Chalmers and Lodge, 2003: 15).

Convergence, Path-Dependency, and a 'new paradigm'

Conclusions

Two overall conclusions can be drawn from this review: first, 1) existing welfare policies have shaped the emergence of new social risks in various European societies. Thus regime differences, determined in large part by responses to old social risks, are powerful factors in influencing the pattern of new risks that different European countries now recognise. The second conclusion, however, is that 2) the new social risk policies now being developed do not invariably reflect the characteristics of the existing old social risk regime. In Nordic countries, to be sure, where new risk regimes were established earlier, the risks are in general catered for within the existing settlement. Further new social risks for groups such as migrants may be tackled through extension of those policies. In the corporatist countries, which make up the majority of European welfare states, new social risk responses indicate new directions in welfare, but reforms are currently incomplete, so that the scale of the changes is uncertain.

In cases such as France this may be understood as the emergence of a parallel 'second world of welfare', means-tested and tax-financed, alongside

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

New social risk reforms are shaped overall by path-dependency, but involve in some contexts new departures. The instruments used to tackle the needs vary. A decline in the contribution of social insurance contributions to the finance of state spending may be noted among the corporatist countries (particularly in France, which has the greatest reliance on this system of finance in Europe) leading to some convergence, and reflecting the growth of tax-financed welfare among this group (Table 9.4). Labour market controls have been loosened in corporatist countries to assist the creation of jobs with low social contributions, although in the liberal UK the implementation of a minimum wage implies somewhat stronger regulation for the most vulnerable groups. There are, thus, weak tendencies to convergence in some policy areas evident in the data.

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

In Chapter 1 we described the shift from a neo-Keynesian interventionist paradigm in economic policy towards a 'pragmatic monetarism' that placed much greater reliance on the support of market freedoms. The strong emphasis on the mobilisation of the citizen worker in a more flexible and competitive labour-market and the tendency to develop welfare that erodes the traditional gender division of formal and informal labour indicate that policies for new social risks are adapting to this new approach.

New Social Risks—New Politics?

The Institutional Context

New social risks policy is influenced, but not governed, by old risk regimes. We move on to consider the political processes and factors that have influenced the development of the new social risks policies discussed above. These include institutional frameworks and the interactions of key policy actors. Institutions are conveniently thought of in terms of the extent to which constitutional structure (in the broadest sense, including informal frameworks of interaction with social partners and the role of religion and political culture as well as the legislature, executive, and judiciary) promotes consensus or majoritarian decision-making, and the extent to which different groups are able to promote their own interests at the policy level (Lijphart, 1999: ch.1). Relevant policy actors, in addition to political parties and local and national governments are the social partners (with their interests in national economic competitiveness, in labour costs and business regulation and in the working conditions of union members), the groups representing those most affected by new social risks and new social risks-bearers themselves as a political force.

Neither employers nor unions present a united front in relation to new social risks. Some industries are in greater need of skilled employees than others, and unions may represent groups in different industries or with a different balance of older employees (for whom the old social risks concerned with health, retirement, and pensions predominate) and younger employees (closer to new social risks). Some employers' groups in Germany, Spain, and the United Kingdom have campaigned for more child care provision. 'Modernising' unions such as CFDT in France or Unison in the United Kingdom have assented to activation reforms such as PARE,

PPE, and RMA or the New Deal and the Single Gateway, while others, such as FO or the TGWU, have been more concerned to defend existing entitlements and work contracts.

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

The polities we examine include the most majoritarian constitutional framework, the United Kingdom (where first-past-the-post voting, a weak second chamber, lack of an effective constitutional court, or an independent regional tier of government and a closely controlled executive branch, confer exceptional authority on a highly centralised government), and Switzerland, where the highly fragmented governmental system with a Federal council elected by but not subject to recall by a parliament which it cannot dissolve, bicameralism, strong federalism, and opportunities for voters to challenge legislation through referenda, lead to coalition and policy-making through the evolution of consensus. Between these extremes the institutions of other countries give different degrees of influence to social partners and other actors in relation to social policy.

Much welfare in Nordic countries is under central control and there is a high degree of public commitment to high quality social provision. Although the Social Democratic party has retained power for almost all the post-war period in Sweden, the conflict between the need to manage the pressures on social welfare and the obvious electoral punishment of governments that seek overt cuts has led to the lengthy negotiation of reform. In Finland, the recent coalitions have supported a similar tendency. In the corporatist countries, social partners have been influential in welfare policy-making and (in some cases) in the management of policy, so that even in France, with its high degree of centralisation and its presidential system, welfare policy solutions require extensive negotiations with employers and unions and are at present incomplete. In Germany the federal 'semi-sovereign' (Katzenstein, 1987) state has been forced to manage change gradually. In relation to labour market and pension policy the severe tensions of high unemployment and rising contributory costs, exacerbated by the pressures of reunification on public spending and of globalisation on the German economic model, led to a breakdown of the inter-party consensus over the direction of social policy during the 1990s. The search for a solution which will command adequate support is thus even more time-consuming. Proposed unemployment benefit and pension reforms are under active debate at the time of writing.

In Mediterranean Spain, the reform process has been shaped by the commitment to democratic conciliatory solutions resulting from the recent experience of authoritarian rule. The existing settlement is contained in the 1995 Toledo Pact between the main political parties and the social partners. The important role of regional government in spending and service provision has required further compromise in this area. At the EU level, policy-making is dependent on a slow process of negotiation between the various national actors. Once a policy is agreed, however, it is available as a resource for policy actors at the national level seeking to promote change or to develop new coalitions, as Chapter 8 shows.

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

Political Actors: Women and Paid Work

Social democratic parties have been at the forefront of support for policies which enable women to participate in paid work. In Nordic countries 'interaction between social democratic governments and strong women's movements, in the context of strong unions and favourable policy legacies . . . has produced the strongest new risk policies in Europe' (Huber and Stephens, 2003: 18). The Swedish Social Democratic Party has been committed to the view that gender equality can only be secured through equal opportunities in paid work, since Olaf Palme made this the basis of his speech to the 1972 conference (Hirdman, 1998: 41). In France, Germany and the United Kingdom the most vigorous expansion of child care has taken place under social democratic governments, and in Switzerland social democrats consistently supported adaptation of the basic pension to women's career patterns, the introduction of maternity insurance and

subsidised day care. Other actors have adopted more complex positions. Christian-Democrat parties in the corporatist countries have tended to favour policies which subsidise mothers who care for their children themselves, on the grounds that this supports greater choice in employment, with the result that the labour market participation of younger women (particularly those unable to command high incomes) is inhibited.

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

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

One explanation for the slower development of policy in this area is that the impact on women's capacity to take paid work and therefore the potential for gaining support from employers' groups and from women engaged in the labour market is less marked. Fewer women of prime working age are likely to be engaged in substantial elder care than in meeting child-care needs, as we argued in Chapter 1 (p. 10). Only 36 per cent of women aged between twenty and forty-nine who care for a child are in full-time work as against 57 per cent of non-carers in Europe. Corresponding figures for 50–64 year-old women caring for a frail relative are 19 and 27 per cent, so the potential for releasing paid workers is much less (Eurostat, 2002: tables A.20, 21).

Political Actors: Labour Market Reform

In relation to labour market policies, patterns of support have been more complex. The breakdown of the neo-Keynesian paradigm in the 1980s and its replacement by a loose 'pragmatic monetarism' as described in Chapter 1, coupled with the experience of high unemployment and persistent long-term unemployment, and concerns about the position of European countries in increasingly competitive global markets, led to widespread dissatisfaction with existing affairs. Policy debates have often taken the need for change as their starting-point and centred on which reforms should be pursued. Employers' groups and centre-right parties have tended to promote the extension of negative activation, with benefit entitlement closely linked to the active pursuit of work and 'make work pay' policies which hold down benefit levels relative to wages. Social democrats have promoted more positive activation, which supports entry into the labour market and the development of skills. One policy direction has been a tendency to revise labour market regulation in order to promote greater flexibility, especially in relation to the well-established job security and wage bargaining rights of corporatist and Mediterranean countries. The Swiss activation scheme achieved a compromise between employers and unions by including time limits to unemployment insurance benefit entitlement and releasing federal funds for cantonal ALMP measures at a time when the finance of the scheme was in jeopardy as a result of rising unemployment.

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

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

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

Political Actors: New Risks Resulting from Welfare State Reform

Since the reform of old risk social policy is a continuing process, the implications of such changes for the generation of new social risks and for political responses are at present uncertain. The most important area appears to be pension reform, and here the changes are potential rather than actual.

New policies, driven by concern about the costs of demographic shifts, may impose new risks, particularly on those who are most vulnerable in the labour market. Pension reform has involved government, social partners and the mass public, who hope one day to have access to adequate, secure pensions, and also important interests from the private pension industry. The issues cross-cut the traditional politics of old social risks, and the considerations of cost containment, personal responsibility and contribution to labour market flexibility that characterise debates about new social risks.

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

The leading Scandinavian country, Sweden, achieved a settlement through lengthy negotiations between political parties, civil servants and expert advisers (see pp. 107–8). The fact that the social partners were excluded from these negotiations appears to have helped those involved to agree on a solution that balances a reform to the state scheme (which contains costs) with a modest funded private scheme, designed to provide additional retirement incomes. In Spain the pension settlement of the Toledo Pact (1995) was restated in 2003, and appears to have been achieved in a context where the pressures on pension spending were less severe than elsewhere. Nonetheless, current debates indicate that a move towards private pensions is likely, and this may lead to greater vulnerability for those without good employment records in a more flexible labour market.

The liberal bias of the New Labour government in the United Kingdom has made it difficult to resolve the conflict between commitment to market freedoms for employers and citizens, with a strong ideological emphasis on personal responsibility, and the desire to produce secure well-regulated pensions, in a context where the interests of a powerful financial sector

must be safeguarded. The UK constitutional framework allows government to make and implement policies rapidly, without extensive consultation. However, despite a series of consultations and independent reports, no settlement in the area of pensions appears likely in the immediate future.

The new social risks that emerge in these contexts concern those who are less well protected, typically because their work records do not give them entitlement to good pensions. The problems of labour market flexibility appear likely to be most severe in Spain, but issues surround the development of mini-jobs in Germany and the capacity of the private sector to provide good coverage for such groups in the United Kingdom. A secondary concern is the impact of pension privatisation, and the extent to which this transfers risk directly to the individual. The politics of pension reform has mobilised a wide range of political actors but the minorities most likely to be directly affected by new risks nowhere exert influence. The entrenched interests of the more powerful actors among the social partners have delayed reform and ensure that pension restructuring remains incomplete in all of the countries studied. The Swedish solution is again the exception, in that reforms that seem least likely to generate new risks have been developed through a process in which the social partners did not have a strong role. The capacity of different welfare states to generate (with considerable labour) new policies to manage the problems of old risk provision—which is often taken to indicate resilience to the pressures discussed in Chapter 1—in fact appears likely to generate new risks for particular groups of citizens.

New Social Risks—a New Departure Alongside the Traditional Paradigm

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

Realignments of Policy Actors

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

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

In Spain, the relations between central and regional levels of government as well as between social partners and parties, and the opportunities for mobilisation around particular issues, have produced new opportunities

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

Power Resources and Policy Communities

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

These perspectives correspond loosely to materialist and idealist epistemologies and tend to develop in different contexts. The power resources model originated among analysts of Nordic welfare states (Korpi, 1983; Huber and Stephens, 2001: p.17), where developments have been shaped by struggles to reduce class and gender inequalities in a universal welfare citizenship. Approaches which centre on the interaction of key actors reflect the way in which policy evolves in systems with a broader range of power-holders, such as the corporatist European countries, the United States and the European Union (Richardson, 2001: 7–11). From the former perspective the chief political constraint on new social risk policy-making is the lack of specific mobilised power-resources. Unskilled would-be labour market entrants and those whose lives are dominated by care responsibilities are not well organised to exert political power. The alliances between an organised working class (to some extent in collaboration with middle-class interests) that have been seen as driving change in industrial welfare states (Baldwin, 1990) are not available. From the latter, the difficulty lies more in identifying how reforms that affect new social risks can enter the policy discourse or in tracing the process whereby support from more powerful actors is negotiated (Wallace and Wallace, 2000: ch. 3). Both approaches focus on linking new social risk-bearers to other groups.

The review above indicates that new social risk policies in relation to labour market reform, child care, and the new pension policies that impose particular risks on some groups, have developed primarily as a result of the power resources and negotiating capacity of more influential political actors than the actual risk-bearers. Political conflicts over the direction of policy continue. The outcomes so far appear to be labour market reforms that combine in different degrees commitments to negative incentive-based activation and de-regulation, chiefly supported by the right and employers, and training and opportunity policies supported by social democrats, with no dominant overall pattern. The pattern of reform is clearly influenced by the old social risk policies that compose the regime type. However, even in corporatist countries with multiple veto-points in policy-making and high levels of union influence, reforms that cut back the systems of secure income replacement benefits established in the 'golden age' of the welfare state have been implemented, alongside the expansion of activation spending documented in Table 9.2. Responses to new social risks entail new directions in specific policy areas within the old risk welfare states.

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

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New risk reforms have tended, with some exceptions, to follow the pattern of old social risks provision, and lead to the readjustment rather than the restructuring of welfare state regimes. Institutional structure makes a difference in facilitating or delaying change, and channelling it in particular directions, and in providing particular opportunities for compromise or for alliance between political actors. New social risks do not generate a new

paradigm of welfare, nor do they lead to a new welfare state politics. They are rather to be seen as a modification, but one which contradicts the view that European welfare states face insuperable problems in adapting to new welfare needs. There are some indications that success in dealing with the problems that face traditional welfare states may itself generate further new risks among those who fare least well in more flexible labour markets.

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

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