New Risks, New Welfare

The Transformation of the European Welfare State

Edited by

Peter Taylor-Gooby

Mittuniversitetet
Biblioteket
831 25 Östersund

2004

OXFORD
UNIVERSITY PRESS

Contents

List of Figures and Tables x
List of Abbreviations xi
Notes on the Contributors xii

1. New Risks and Social Change 1
Peter Taylor-Gooby

2. New Social Risks in a Conservative Welfare State: The Case of Germany 29
Andreas Aust and Frank Bönker

3. The UK—A Test Case for the Liberal Welfare State? 55
Peter Taylor-Gooby and Trine P. Larsen

4. New Risks—Are They Still New for the Nordic Welfare States? 83
Virpi Timonen

5. France: A New World of Welfare for New Social Risks? 111
Bruno Palier and Christelle Mandin

6. Spain's Transition to New Risks: A Farewell to 'Superwomen' 133
Luis Moreno

7. Switzerland: Negotiating a New Welfare State in a Fragmented Political System 157
Giuliano Bonoli

8. New Risks at the EU Level; A Spillover from Open Market Policies? 181
Trine P. Larsen and Peter Taylor-Gooby

9. New Social Risks and Welfare States: New Paradigm and New Politics? 209
Peter Taylor-Gooby

Index 239

1

New Risks and Social Change

Peter Taylor-Gooby

Introduction: The Post-Industrial Welfare State

This book presents a new perspective on the question of what to do about the welfare state. Changes in population, family structure, labour markets, and in the coming to maturity of expensive welfare systems present formidable challenges to the current welfare settlement. For the most part, discussion of these developments focuses on the pressures they impose on existing benefits and services (see, for example, Pierson, 2001*a*, *b*; Scharpf and Schmidt, 2000; Ferrera and Rhodes, 2000*a*, *b*; Kuhnle, 2000). Key questions in the literature concern the maintenance of standards and the politics of retrenchment, realignment, and recalibration. In this book, we consider different and parallel changes that require new policies and offer the possibility of more positive directions in welfare reform—the emerging policy agenda of new social risks.

The development of European welfare states in the 1950s, 1960s, and 50s-70s 1970s took place under highly favourable circumstances, aided by four key factors: a 1) 'golden age' of relatively continuous growth in economies characterised by large stable manufacturing sectors which provided high levels of family-wage employment for the mass of the population; 2) stable nuclear family structures which supplied care for young children, frail older people, and other dependent groups; 3) governments able to manage their national economies through broadly neo-Keynesian policies which achieved continuing low unemployment and secure wages; 4) and political systems in which coalitions of working and middle class groups were able to press effectively for the provision of benefits and services to meet their needs and in which the tax consequences of such provision could be

This chapter has benefited from debates in the WRAMSOC group, and particularly from extended discussions with Giuliano Bonoli and from his work on new social risks (Bonoli

legitimated. These circumstances favoured the development of a family of European welfare states characterised by a specific division between the appropriate spheres of public and private action.

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

Keynes-Beveridge vs

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

POST-INDUSTR. SOCIETY ⇓ Changes ⇓ Risks

These changes create new social risks and a new reform agenda for the welfare state. This book analyses the emergence of these risks in a range of European societies and examines political responses to them by governments and at the European Union level. In this chapter, we define new social risks, consider how they relate to old social risks, identify the implications for citizens and government, discuss how new risks are to be analysed, review the emergence of new risks and policy response to them at the national and EU level and consider the contribution of reforms in this area to innovation in welfare state policy-making.

New Social Risks: A Definition

DEFINITION of New Social Risks

New social risks are the risks that people now face in the course of their lives as a result of the economic and social changes associated

with the transition to a post-industrial society. Four processes are of importance:

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

2) Second, the increase in the absolute and relative numbers of elderly people has implications for social care as well as for the cost of traditional welfare state pensions and health services. The ratio of those over sixty-five to the population of working age in Europe is projected to rise by 73 per cent between 2000 and 2030 (OECD, 2001*b*: 27). Most domestic care is still provided by women. Just over twice as many women as men spend time on care tasks for children and older dependants; women of family age (20–49 years old) who have care responsibilities for children spend about 46 hours a week on them compared to 22 hours for comparable men. Corresponding figures for those aged 50–64 who care for older dependants are 22 and 16 hours, respectively (Eurostat, 2002*a*: tables A.17 and A.19). Traditional patterns of care impose stresses on women seeking paid work and generate a demand for provision from alternative sources—men, the private sector, and the state.

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

3) Third, labour market changes (to do primarily with technical developments in production, which have reduced the proportion of unskilled manual jobs in industry, and secondarily with the growth in scale and intensity of cross-national competition, which allows countries with lower pay levels to use their comparative advantage to attract mobile work) have tightened the link between education and employment. This in turn affects the risk of social exclusion among those with poor education. Those with a minimum level of education are about two and a half times more likely to be unemployed and nearly five times more likely to be in long-term poverty compared with those who have attended university (Eurostat 2000, tables 2 and 3; OECD, 2002*d*: table D). Education and skill levels are also linked to progress in work and in quality of working life. The Employment in Europe survey in 1996 showed that 47 per cent of employees had experienced a significant increase in the skill level of their job in the last five years, and virtually none a decrease. Skill increases are much more likely higher up the occupational ladder and the lower skilled more likely to anticipate insecurity and unemployment (Gallie, 2002: 113–18).

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

pensions – 2nd pillar (private)

The United Kingdom, which already has the most extensive private pensions system, has gone furthest, by radically weakening the state second-pillar pension and developing private alternatives. Non-state pensions, which currently provide 60 per cent of income for the top 30 per cent of retired people are intended to provide 60 per cent for all by 2050 (OECD, 2000: figure 4.1; DSS, 1998). The Netherlands also has extensive second-pillar private provision. Other European countries are pursuing private pensions as supplements to state pensions. Germany provides subsidies and strong encouragement, Sweden requires workers to invest in complementary private pensions and Switzerland has well-established compulsory occupational pensions. In France, long-term tax-subsidised savings schemes are in process of implementation. The OECD concludes

that the strengthening of private pensions is the most important trend in the current reform of pension systems (OECD, 2000: 46). Promoting the growth of occupational and private pensions is a major element in the EU's strategy for modernising social protection (EU, 2002*a*: 38). The UK private pension scandals are well known (chapter 3). While problems on a similar scale have not emerged elsewhere, successful regulation of new private services is essential to avoid escalating risks for more vulnerable groups (Esping-Andersen, 2002: 16–17).

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

In relation to changes in the family and gender roles:

- balancing paid work and family responsibilities, especially child care
- being called on for care for a frail elderly relative, or becoming frail and lacking family support.

In relation to labour market changes:

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

In relation to welfare state change:

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

We go on to consider the context in which new social risks have emerged on the policy agenda.

New Social Risks, Old Social Risks, and Pressures on Government

At the same time as the new risks derived from the transition to post-industrialism are confronting the citizens of European welfare states, the established structures designed to cope with the social needs generated by industrialism and centred on interruptions to the family wage are facing pressures from different directions. The crisis of the welfare state has been extensively analysed (e.g. Ferrera and Rhodes, 2000; Kuhnle, 2000; Pierson, 2001*a*, *b*; Scharpf and Schmidt, 2001; Taylor-Gooby, 2001, 2002). It involves three factors, operating simultaneously: rising demand, restricted resources, and constraints on the capacity of government to reconcile the two.

ageing (demands)

The most important pressure derives from population ageing as a result of rising life expectancy and lower birth rates. The proportion of the EU population aged sixty five and over rose from 13 to 17 per cent between 1980 and 2000 and is expected to rise to 27 per cent by 2040. The proportion of working age (15–64) increased slightly from 65 to 67 per cent in the earlier period but is expected to fall to 58 per cent in the latter (EU, 2002*a*; 30). Since spending on old age and survivors' benefits is far and away the largest proportion of welfare state spending (44 per cent for the European Union as a whole) and that on health care (which is mainly consumed by older people) is the second largest, at 22 per cent (EU, 2002*a*: table 2), and since provision for older people is financed mainly by the taxes and social contributions of those of working age, these changes in age structure imply substantial financial pressures.

restricted resources

Demands increase just as resources come under constraint. Drawing on the work of Baumol (1967), Rowthorne and Ramaswamy (1997), and Iversen and Wren (1998*a*, *b*), Pierson (2001*a*: 84) argues that the shift in the labour force from the manufacturing to the service sector in the post-industrial transition also involves a long-term trend to declining productivity. This has implications for economic growth. Productivity rates in the major economies fell through the 1970s, 1980s, and 1990s. Growth rates, which were between 2.7 and 4.6 per cent for the four largest European economies (France, Germany, Italy, and the United Kingdom) for the decade to 1973, fell to between 1.1 and 2.7 for the following decade, then to 0.4–1.7 per cent between 1989 and 1995. A rally in the late 1990s collapsed after the bursting of the dot.com bubble so that rates for 1996–2002 were between 1.4 and 2.6 per cent. The current outlook is one of weak growth (Calderon, 2001; OECD, 2001*d*, 2003: table A.1).

goverments' capacity to deal with it

At the same time, governments' capacity to manage key aspects of their economies is weakened by the implications for tax and subsidy regimes of increasing capital mobility and the impact of high-volume currency speculation on exchange rates, so that demand-side approaches to unemployment have become less attractive to policy-makers (Scharpf and Schmidt, 2000: 51–68). For EU member states these effects are reinforced by the 'open market' policies of the 1986 Single European Act, the 1994 Maastricht Treaty, and the constraints on state borrowing of the 1997 Growth and Stability Pact. The fact that the working class is no longer organised through mass employment in manufacturing industry, the effect of greater income inequality (Esping-Andersen, 2002: table 2.2) and greater diversity in working lives, and the emergence of new political pressures in societies that have been enriched through continuing growth (involving age cleavages, gender interests, divisions over environmental issues, and other concerns) tend to erode the solidarity that supported and legitimated the traditional welfare state (Beck, 1992: ch. 2).

úspornost, strádání

Pierson argues that welfare states, faced with growing needs and mounting pressures on resources, face a future of 'permanent austerity'. The loss of some of the levers by which national governments managed their economies and the limits to solidarity make the task of funding expensive state services more difficult. The services developed by the industrial welfare state to meet the needs associated with lack of access to market income (pensions, sickness, disability, and unemployment benefits and so on) are everywhere undergoing reform. Measures to constrain spending by curtailing entitlements, expanding the role of the private sector or setting more stringent eligibility conditions are widespread (Myles and Pierson, 2001: 312). Market-based systems are introduced to control spending on health services through competitive pressures (Rico, Saltman, and Boerma, 2003: 599–600; Rathweli, 1998; ch. 17). An indication of the impact of these policies is that average benefits for each person of pensionable age in the EU-15 fell by 2 per cent between 1994 and 1999; unemployment compensation per capita fell by one per cent a year between 1990 and 1994, accelerating to 2.5 per cent between 1994 and 1999 (EU, 2002*a*: charts 9, 10, and 11).

This approach stresses austerity as the overriding consideration in welfare reform. However, analysis of welfare state development must also include the societal changes of post-industrialisation that are creating a second set of demands and generating a second reform agenda in the context of the transition to post-industrialism. From the individual perspective these changes emerge as 'new social risks', concerned with access to employment and opportunities in work, and with managing the conflicting pressures of family life, social care, paid work, and career. From the welfare state perspective they present a shift in political economy which results in new constraints on and new opportunities for government and pressures to develop new policies to manage and meet them. We consider these levels separately.

Key Differences Between Old and New Risks

The Citizen's Perspective

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

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

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

The Perspective of Government

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

The reform process is likely to involve groups other than the immediate risk-bearers, and the interests of groups such as employers in relation to child care may lead policy in particular directions.

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

Example: pension

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

reforms

differences between old and new SR

1. Old risk policies tend to involve financial commitments requiring substantial tax and social insurance contributions. For this reason, and because they involve mainly horizontal redistribution, they tend to require a politics of solidarity, for example through the notion of a 'generational contract', 'risk-pooling', or a state that provides 'cradle-to-grave' care or offers a 'people's home'. Since the overwhelming majority of the population of industrial societies thought they might need the services supplied, such solidarity could be mobilised. Virtually all attitude surveys (see, for example, Ferrera 1993; Kaase and Newton 1996;

Svallfors and Taylor-Gooby 1999; ch. 1; van Oorschot 2000) concur that pensions, health care and provision for disabled people—the major programmes to meet needs not met through the market—enjoy high legitimacy. Government in the transition to post-industrialism faces the problem of how to justify cut-backs and constraint in these areas while developing new risk services that tend to go to minorities. This involves the tactics of blame avoidance and cumulative change charted by Pierson (1994) and others, and is expressed in the enormous resilience of these services against change.

2. New risks affect particular subgroups at particular life stages most keenly. They involve political divisions that do not map easily onto the traditional class and party structures and are likely to involve alliances with other social actors interested in the expansion of the workforce and in enhancing national economic competitiveness. If old social risk welfare was often seen as the outcome of a 'democratic class struggle' (Korpi, 1983), new risk welfare programmes may be obstructed by the interests entrenched by the outcome of that struggle.
3. Old risk policies were designed primarily to support people at stages in their lives when needs were not met through the wage relationship. They thus involve substantial transfer expenditure and may be seen as an economic burden at a time of stringency. New risk policies are often concerned to help more people support themselves through paid work. They may form part of a national strategy to mobilise a greater proportion of the population and to enhance economic competitiveness in a globalised market, and open up particular agendas for business and unions. To the extent that policy focuses on these issues, labour market reform predominates and child care becomes a more important issue than care for older people. About 42 per cent of women of prime working age (between twenty and forty-nine) are involved in child care as against 6 per cent in elder care (Eurostat 2002*a*: table A.17).
4. New risk policies meet needs mainly by encouraging and enabling different choices and behaviour patterns rather than providing benefits. They are concerned with the engagement of the citizen in paid work and with changes in the pattern of family life. They involve issues of responsibility for providing income and for domestic care that cut across the boundary between public and private spheres. New risk politics directs attention to issues of legitimation and moral values.
5. Because new risks are less likely to involve the entrenched interests, major expenditures, and neo-Keynesian apparatus of interventionism that concern national governments and more likely to involve equal

activation
workfare

access to employment, the balance of family and work and the issues of training and education that concern an open market in labour, the European Union is likely to seek a stronger role in this area than it has in relation to old risks. New social risk activity will also enable the European Union to intervene directly in citizen's lives and may help to repair the 'democratic deficit' (Richardson, 2001: p. xv).

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

Politics of old SR

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

politics of new SR

Paradigms and the Legitimation of Policy Change

A convenient approach to the policy stance of a government is provided by the notion of policy paradigm. Borrowed from Kuhn's influential work on the development of core ideas shared by communities of natural scientists (1970), the notion of policy paradigm is used to sum up the shared core beliefs of a policy community. It includes ideas about the goals of policy; the identification of issues as problematic in relation to those goals; explanations of why problems arise; solutions to identified problems; explanations of why they will meet the problem; and definitions of the appropriate role for government and other actors (Hall, 1993: 279).

Keynesian paradigm

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

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

monetarism

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

given to low inflation, low budgetary deficits and low public debt in the Maastricht treaty criteria for membership of EMU. As a recent President of the European Central Bank put it:

flexibility

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

the EES

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

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

New risk policy-making is bound up with new approaches to economic policy. We move on to consider new risks in the context of theoretical accounts of the welfare state.

Analysing New Social Risks: Welfare State Regimes

The regime categorisation of welfare states has proved remarkably durable in providing a framework for the analysis of social policy. It distinguishes Nordic social democratic welfare states, where entitlement is based on citizenship principles and where the objective is a high level of universal protection against social risks; Continental corporatist welfare states, based on social insurance systems, where levels of provision are generally high, but the social hierarchies of work are reflected in entitlement; Mediterranean welfare states where pensions, health care, and education are highly developed and other services are now catching up with average European Union levels and where the family plays a prominent role; and the liberal regime, where state provision is more limited and targeted and private market systems are encouraged to a greater extent. The regime categorisation also corresponds to distinctions in levels of welfare. Nordic regimes tend to have lower rates of poverty and inequality and better protection for vulnerable groups than corporatist or Mediterranean regimes, with liberal regimes faring worst (Esping-Andersen, 2002: table 2.3). The hierarchy of social opportunities follows a similar pattern (Korpi, 2000). Thus the regime framework applies both to policy mechanisms and to the outcomes achieved in welfare states.

This approach has provided the backbone for work focused primarily on old risks, whether globalisation and labour market shifts are seen as the chief problem (Scharpf and Schmidt, 2000), permanent austerity (Pierson, 2001*a*, *b*) or population ageing and the rigidity of existing systems (Ferrera and Rhodes, 2000). It requires some modification to analyse the emergence of new risks and the way in which welfare states address them. The regime perspective focuses on the way different social groups, mainly class-based, contest the allocation of the resources generated by economic growth, drawing on 'industrial society' and 'power resources' theories. The key concepts deployed are 'decommodification' (how far welfare provision reduces the domination of citizens' lives by market forces) and 'stratification' (how far class inequalities are modified by or simply reflected in the redistribution of resources by the welfare system—Esping-Andersen, 1990: 3).

Family and gender issues were relegated to a subsidiary role in the traditional welfare settlement, on the assumption that family provision for breadwinner husbands also met the needs of their wives (see, for example, Beveridge, 1942: 9–11). Policies to manage new social risks address the opportunities and burdens for women directly. Employment had previously been tackled via Keynesian economic policies and welfare had been largely concerned to reallocate market resources to those whose needs were not met through the market wage system. New risk policies are concerned strongly with meeting needs through the mobilisation of labour, with direct targeted interventions to support wages, where these are inadequate, and with the use of private services in areas formerly addressed via the state. 'Recommodification' and 'flexibility' emerge alongside decommodification and stratification as key concepts for analysing welfare reform. We now examine patterns of welfare state policy inputs and outcomes in relation to family and employment in more detail, to see whether regime categorisation needs modification to provide an adequate framework for understanding the emergence of policies to meet new social risks.

recommodific. flexibility

New Social Risks in Balancing Work and Family Life

State social policies differ in the assumptions implicit in them about women's activities and in the division of responsibility for waged work in the labour market and unwaged domestic work necessary to provide care for children and older people and maintain a home. Initial approaches to analysing this issue reflected the gender cleavages between the male productive and female reproductive and domestic spheres of ideal typical industrial society. Thus Lewis categorised European welfare states in the 1980s according to the extent to which policy assumes a gender division between male breadwinner and female homemaker (Lewis, 1993: ch.1). Similar approaches have been elaborated by Orloff (1993), Bussemaker and Kersbergen (1994), Rubery (1999), Knijn and Kremer (1997) and others.

More recent analyses point to the increasing recognition of women as workers in a number of welfare states, but indicate that social provision is in most cases ill-adapted to support mothers who also participate actively in paid work. 'Broadly speaking, states have tended to recognise women for the purpose of social entitlements either as mothers or as workers. In a rare case, like France, both . . . have been recognised. In Sweden in the late twentieth century, recognition as mothers has been grafted onto recognition as workers. Where the male breadwinner model still has major purchase, then women find that their position as paid workers is at best a matter of secondary concern (Britain and Germany) and at worst actively discouraged (Italy)' (Lewis, 1998: 15).

The chief input in this area is the level of state spending on services which relieve the care burden on the family and particularly on housewives from child and elder care. Outcomes are indicated by the extent to which women are able to participate in paid work alongside men.

Table 1.1 shows that the inclusive Nordic citizenship welfare states committed substantially more than any other group of European countries to care services for children and older people between 1980 and 1999, spending roughly three times the EU average on elder care and twice as much on family services. Care spending in the corporatist heartland of Europe has roughly doubled. The liberal-oriented states continue to rely heavily on market and family provision. Spending in the Mediterranean states has expanded rapidly from a low base and now exceeds the liberal group in family care. When the statistics are analysed on a national basis, France stands out through the level of spending on child care support,

Table 1.1 Trends in state spending on new social risks (% GDP 1980–99)

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

Notes: Nordic: Sweden, Denmark, Finland; Corporatist: Austria, France, Germany, Belgium, Netherlands; Liberal: UK, Ireland; Mediterranean: Greece, Italy, Portugal, Spain. EU average is based on all fifteen members.

Services for elderly and disabled include: residential care, home-help services, day care, and other services in kind. Services for families include: formal day care, personal services, household services, other family benefits in kind. Active Labour Market Policies include: training, youth measures, subsidised employment, employment measures for disabled people, employment services.

Source: Calculated from OECD (2001*a*)

which at 1.23 per cent of GDP in 1999 is midway between the corporatist and Nordic groups. This pattern of spending on care is broadly reflected in the extent to which women with family responsibilities participate in paid employment.

Couples where both members are engaged in paid work may pursue one of four employment strategies—the 'dual earner' model, in which both women and men participate more equally in paid employment, the 'modified industrial' model, which casts the male as a full-time and the woman as a part-time worker, the 'dual carer', in which both work part time and share domestic care work equally, and the 'reverse industrial', in which the woman works full time and the man part time. The more flexible work and family roles of ideal typical post-industrial society are reflected in progress towards the dual breadwinner or dual carer models and in the extent to which social policy seeks to sustain this (Lewis, 2001; see also Daly, 2001). The European Labour Force Survey examines the employment patterns of dual earner households with and without dependent children. Nowhere

do more than two per cent of working couple households follow the dual carer model with both partners in part-time work. Similarly, fewer than 2 per cent of working couples follow the reversed traditional pattern of female full-time, male part-time employment (Eurostat 2002*b*). For the vast majority, the division is between the modified industrial and the dual bread-winner pattern.

The proportion of dual earner households is rising across Europe, as part of the shift towards a post-industrial society, and accounts for at least 60 per cent of all couple households supported through work everywhere except in Greece, Italy, and Ireland, where it exceeds 45 per cent. In all cases, among working couples without children at least two-and-a-half times as many follow the dual earner as follow the modified industrial pattern. However, among those with children, there is a rapid shift to the modified industrial model, which predominates for this group in the United Kingdom, Germany, and the Netherlands, and is widespread in the other corporatist and liberal countries with the exception of France (Eurostat 2002*b*). Table 1.2 shows how motherhood reduces women's engagement with work to a very limited extent in Nordic countries, but has a much greater impact in the corporatist, liberal, and particularly Mediterranean context. In corporatist and liberal countries, mothers who remain in work are much more likely to do so part time.

More detailed analysis of trends between 1984 and 1999 in employment patterns in couple households with a young dependent child (under six) points to a wider impact of child care on women's paid work across the corporatist countries and the United Kingdom. Everywhere there is a trend away from the traditional model of man in full-time work, woman as full-time unwaged mother, which was dominant in 1984. However, in the Mediterranean countries the majority of those mothers who work do so full time, while in corporatist continental Europe and the United Kingdom, mothers tend to work part time. France with its extensive child support policies is again the exception (OECD 2001*c*: table 4.2). In relation to long-term care, a recent European study shows that midlife informal care is associated with 'reductions in work hours or exit from the labour force' which is not recovered after care responsibilities end (Spiess and Schneider (2002: 33).

Regime theory broadly corresponds to patterns of both welfare state inputs and of outcomes in relation to the balance of care and paid work for women and men. However, these outcomes are produced through different means as the following chapters show. In Nordic countries, state support

Table 1.2 Women's employment and child care

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

Note: ILO definitions of employment and part-time employment used.

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

enables high full-time participation by most mothers. In France, state provision, and in Mediterranean countries, strong family support, enables those mothers who work to do so full time. In the United Kingdom, the market emphasis leads to high rates of women's employment, but reliance on private provision means that mothers tend to shift to part-time work. Corporatist conservative countries have strong similarities in their reliance on social insurance, but differ markedly in orientation to women's opportunities to act as full-time paid workers, with substantial differences between France and Germany. Similarly liberal market regimes provide limited state support for decommodified child care. However, recommodification through entry into the labour market may be possible

through reliance on private nurseries and day care, balanced by part-time employment, offering different opportunities to higher and lower earners.

Changing Labour Market Risks

The chief new social risks emerging in the sphere of paid work are three: problems in entering the labour market, problems in maintaining stable, secure, and reasonably well-paid employment and associated social security entitlements and problems in gaining adequate training in a more flexible labour market. Governments across Europe have devoted resources to active labour market programmes designed to increase the proportion of the population in employment and endorsed in the 1997 European Employment Strategy. Spending across the European Union on activation policies increased fourfold overall between 1980 and 1999 (Table 1.1). Nordic countries, which already had higher spending levels in 1980 remained in the lead, followed by corporatist, liberal, and Mediterranean regimes, who increased provision in the 1990s from a very low base. Table 1.3 gives information on activation spending and access to vocational training for employees on the input side and unemployment rates for young people and overall employment rates in relation to outcomes.

In general, Nordic societies have high levels of spending on labour market activation and maintain very high levels of engagement in paid work among their populations, which in turn supports the levels of taxation which are necessary to finance expensive welfare states. They have strong vocational training programmes. Unemployment among young people remains substantial (znaczny) despite high overall employment rates. Conversely, the liberal market-oriented United Kingdom spends much less on labour market policy and does not provide statistics on vocational training, but maintains relatively high employment (with significant youth unemployment) in a much more flexible labour market. Among the corporatist countries, spending on activation has increased substantially in recent years from a low starting point, there is a strong commitment to training and the level of employment in general is moderate. Youth unemployment varies. Developing Mediterranean welfare states have lower levels of spending, less training, rather lower engagement in paid work, and much higher youth unemployment. Analysis Table 1.3

The divergent cases are Switzerland, where the high level of participation in work is achieved on lower activation spending, mainly through very high (88 per cent, OECD, 2003: table B) male employment, with much lower rates for mothers, consonant with the less extensive child care support noted in

Table 1.3 Labour market participation and active labour market support spending[a]

	ALMP spending (% GDP, 1999)	Employees in continuous vocational training (%, 2001)	Youth unemployment rate (15–24-year-olds as % labour force, 2002)	Employment rate (15–64, % population of working age, 2002)
Denmark	1.66	53	7.7	75.9
Finland	1.40	50	21.0	68.1
Sweden	1.96	61	11.8	73.6
Austria	0.44	31	6.8	69.3
Belgium	1.38	41	18.2	59.9
France	1.30	46	20.0	63.0
Germany	1.26	32	9.7	65.3
The Netherlands	1.32	41	5.2	74.4
Switzerland	0.51	NA	6.0	79.0
Greece	0.18	15	26.4	56.7
Italy	0.67	NA	27.2	55.5
Portugal	0.74	17	11.5	68.2
Spain	0.29	25	22.2	58.4
Ireland	1.16	41	8.0	65.3
UK	0.31	18[b]	12.1	71.7
EU15	1.00	38	15.1	64.3

Notes:
[a] Active Labour Market Policies include training, youth measures, subsidised employment, employment measures for disabled people, employment services
[b] The UK government statistics from CSO (2003: chart 3.18)

Sources: EU (2002*b*: chart 17 and table 9); EU (2003: annex); OECD Employment Outlook, July (2002c: tables B and C; OECD (2001*a*))

the preceding section and reflecting the high proportion of migrant workers; Portugal with a relatively strong commitment to paid work; the Netherlands, where high recent activation spending and high labour market participation reflect the policies associated with the 'Dutch miracle' and Finland where youth unemployment remains high in the context of relatively high overall unemployment, ineffective labour market management, and the economic shock of the break-up of the Soviet Union. The division between the two

largest corporatist economies, France and Germany, noted in relation to gender and family policies, is also evident in relation to unemployment among young people, which is relatively high in the former case, in the context of barriers to labour market entry from high labour costs.

Those with low skill levels are particularly vulnerable to low-paid employment once they gain access to work—34 per cent of low-skilled workers in the European Union as opposed to 13 per cent of the higher-skilled workers are in jobs which pay more than 25 per cent below average national wages. Women and non-EU nationals are particularly likely to be in low-paid work. Low pay is particularly prevalent in liberal-leaning countries, the United Kingdom and Ireland (18 and 29 per cent of jobs) and scarce in Nordic countries (20 per cent or below) with the other regime clusters in intermediate positions (EU, 2003: table 37).

This brief review indicates that the regime categorisation provides a useful tool for approaching new social risk reforms, but needs to be modified to include the distinctions (which are most marked in relation to family policies) within the corporatist category and to analyse welfare goals in terms of recommodification and flexibility as well as decommodification and stratification. In general, Nordic countries secure higher labour market participation overall and among women and mothers; corporatist societies come next, followed by the Mediterranean societies. The liberal regime succeeds in activating some population groups but provides less support for women and young people. We now move on to consider the role of the European Union.

regime specified

The European Union and New Social Risks

The growing importance of new risks opens up particular opportunities for the European Union in welfare policy-making, which we discuss in Chapter 8. Although the 1957 Treaty of Rome called on member states to cooperate to improve living standards and working conditions (article 117) and article 118 referred to 'close cooperation' in social security, attempts to develop a positive social policy, alongside economic policy, have met with limited success. These attempts are encapsulated in the rebuff to the 1993 Green Paper on European Social Policy (EC, 1993*a*: part III), which led to no positive policy proposals, while an Employment White Paper in the same year advanced a different set of priorities, promoting monetary stability and an open and decentralised labour market characterised by greater flexibility (EC, 1993*b*: 12–16). Economic policy co-ordination has enjoyed spectacular success in the creation of a common currency and an open market across much of Europe. Social policy has only progressed in areas directly relevant to economic issues, such as equal rights for women in training, education, employment and pay, or the use of structural funds to foster employment opportunities (Geyer, 2001: ch. 9).

The official summary of recent developments in employment policies highlights measures to address new risks:

> Activation has become the main theme of labour market policy reforms . . . member states have sought to increase financial incentives to take up work . . . accompanied by increased pressure on those on benefits to participate in active labour market programmes, to intensify their efforts to look for work and to accept job offers. . . . In many parts of the Union, childcare support and parental leave arrangements have been improved to make it easier for women to take up paid employment. (EU, 2002*a*: 8–9).

Social inclusion policy is also directed primarily at the risks associated with access to employment:

> A stable job providing a steady source of income is recognised as the key factor in preventing social exclusion . . . improvements in childcare and parental leave . . . are relevant social inclusion policies, especially when they focus on the vulnerable group of lone parents to help ease the difficult transition from benefits into paid employment. Some member states have sought to ensure equitable access to education and training, while a few have sought to enhance job opportunities for immigrants and ethnic minorities. (EU, 2002*a*: 7–8).

The EU social policy is at an early stage of development. However, it seems that attempts to intervene in relation to the 'old risk' areas of social insurance and taxation have not been successful. The chief social policy areas in which EU policies command consensus have been in relation to more equal opportunities in employment and in the use of the Open Method of Co-ordination to advance employability, entrepreneurship, and adaptability in the labour market. These policies address the new social risks of balancing work and family and gaining access to employment, and proceed by encouraging progress towards common goals rather than attempting to impose a legal harmonisation of national policy instruments. As the European Union develops, its capacity to support new risk policy-making may become stronger. This must be set in the context of the progress of EU economic policies which stress market freedoms. Open markets may expand the availability of jobs, but also increase the risks for more

vulnerable groups and the need for further policy-development to deal with the problems that emerge.

The Emergence of and Response to New Social Risks

different responses

New social risk issues have entered the policy agendas of European countries at different periods and have met with varying responses. The pace of reform also differs. It is the regime frameworks, structured by old social risk policies, that are likely to exert the strongest influence on the recognition and experience of new social risks. In the Nordic context, the well-established care services and the active labour market policies mitigate the impact of the new risks. Citizens are well supported in balancing paid work and domestic care, and in gaining access to work. In this setting, the most pressing new social risks are likely to concern groups such as migrants who have weaker access to existing policies, or to derive from the expansion of private provision. In corporatist countries, the established compromises between social partners and government privilege the interests of core workers, and assumptions about gender roles delay the development of collective provision. New social risks are likely to emerge in an acute form and policy responses have to be deferred. The liberal model tends to offer market solutions to new social risk needs, so that access to care is unequal, and labour market policies prioritise limited and incentive-based approaches, excluding vulnerable groups. The Mediterranean context assumes a family basis for social care and more corporatist labour markets, with a large informal sector, so that new risks become pressing in relation to women's employment and the security of those unable to gain access to established jobs.

Second, the shifts in paradigm and policy discourse and in the recalibration of policy regime required by new risks will differ in different national contexts. Policy contests will be more intense and efforts to legitimate changes in policy assumptions and individual behaviour more marked where the divisions between social groups are most strongly entrenched in the existing welfare system, and where the resources of social solidarity to sustain new policies in the interests of minorities are weakest. Nordic countries with their established broad solidarity find it easier to develop inclusive new risk policies, and to pursue them through state interventions. In corporatist systems, where new risk issues cut across established insider/outsider labour market and public/private family divisions, redirection of policy provokes more intense conflict, and blame avoidance is significant. It is difficult to introduce new instruments, so policy typically modifies the existing settlement. In liberal countries, with their orientation towards private solutions, conflict will surround not so much the need to meet the new risks as the role of the state in doing so, but governments will find the strict regulation of private services in a flexible economy difficult. In Mediterranean countries, changes in women's involvement in paid work impose severe stresses on traditional patterns of family support and are likely to produce conflicts over whether and how far government should intervene in this area.

New social risks apply immediately to minorities. While opportunities to gain access to decision-making vary between countries, new risk minorities tend everywhere politically to be weaker than the established policy actors: trade unions, employers, and business. Those new risks which relate to the interests of actors who are more powerful than the immediate bearers of the risks (most importantly those which restrict the availability of workers and damage competitiveness) are likely to be most prominent on the political agenda. The risks which relate to the mobilisation of the working population will tend to attract most attention, followed by child care and then the care needs of older people. Thus new social risks will involve debates about public responsibilities in welfare that lead to different policy interventions in different regimes, with an overall emphasis on increased involvement in paid work.

A New Direction for European Welfare States

The welfare politics of new risks provides opportunities for the development of positive-sum policies which deliver gains to some groups without major penalties for others—for example, moderate-cost child care provision which enables more women to enter the labour market and reduces child poverty, or training programmes which assist those with obsolete skills to find work and aid national productivity. They also enable the formation of constellations of political interests more influential than the risk-bearers themselves, who may promote reform programmes that outflank the defensive and sometimes intractable attrition struggles of much traditional welfare policy-making. For these reasons, recognition of the significance of new risks alongside old risks adds an important rider to the bleak conclusions of work on permanent austerity. Pierson ends his influential study of *The New Politics of Welfare* (2001*b*: 456):

> while reform agendas vary quite substantially across regime types, all of them place a priority on cost containment. This shared emphasis reflects the onset of permanent austerity . . . the control of public expenditure is a central, if not dominant consideration . . . the contemporary climate remains a harsh one for efforts to improve social provision . . . or to address newly recognized risks.

New social risks may involve policy developments that are significant and positive but which may not figure in traditional approaches to the study of welfare states, because they are not primarily concerned with issues of retrenchment and spending constraint. Instead they involve the problems of constructing constituencies of support across different social actors for new policy departures. A positive 'new politics' of welfare is thus possible to the extent that an adequate framework of policies to meet new risks can be justified and implemented within different welfare regimes and different polities. The responses to new social risks discussed in the following chapters demonstrate the continuing resilience and innovative capacity of European welfare states.

References

Baumol, W. (1967) 'The Macroeconomics of Unbalanced Growth', *American Economic Review*, 57(3): 415–26.

Beck, U., Giddens, A. and Lash, S. (1994) *Reflexive Modernisation*, Polity Press, Cambridge.

Beveridge, W. (1942) *Social Insurance and Allied Services*, Cmnd 6404, HMSO, London.

Bonoli, G. (2001) 'Political Institutions, Veto Points, and the Process of Welfare State adaptation', in P. Pierson (eds.), *The New Politics of the Welfare State*, Oxford University Press, Oxford 238–264.

—— (2002) *The Politics of New Social Risks*, presented at APSA, Boston.

—— (2003) 'Two Worlds of Pension Reform in Western Europe', *Comparative Politics*, July.

Bussemaker, J. and Kersbergen, K. (1994) 'Gender and Welfare States: some Theoretical Reflections', in D. Sainsbury (ed.), *Gendering Welfare States*, Sage, London.

Calderon, C. (2001) *Productivity in the OECD Countries: A Critical Appraisal of the Evidence*, Working paper no WP/01/99, IMF.

Cantillon, B., Ghysels, J., Mussche, N., and van Dam, R. (2001) 'Female Employment Differences, Poverty and Care Provisions' *European Societies*, 3(4), 447–69.

CSO (Central Statistical Office) (2003) *Social Trends 33*, HMSO, London.

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

DfI (2003) *Balancing Work and Family Life*, HMSO, London.

DSS (1998) *Partnership in Pensions*, HMSO, London.

—— (2000) *The Changing Welfare State*, HMSO, London.

Duisenberg, W. (2002) 'Testimony before the Committee on Economic and Monetary Affairs of the European Parliament: Introductory Statement', Brussels, 21 May.

EC (1993*a*) *European Social Policy: Options for the Union*, com (93) 551, DG for Employment, Industrial Relations and Social Affairs.

EC (1993*b*) *Growth Competitiveness and Employment*, Bulletin of the EC, supplement 6/93, CEC.

—— (2001) *Employment in Europe 2001*, DG Employment and Social Affairs, EU, Luxembourg.

Esping-Andersen, G. (2002) *Why we need a new Welfare State*, Oxford University Press, Oxford.

—— (1990) *Three Worlds of Welfare Capitalism*, Polity Press, Cambridge.

—— (1999) *The Social Foundations of Post-industrial Economies*, Oxford University Press, Oxford.

—— Gallie, D., Hemerijk, A., and Myles, J. (2002) *Why we Need a New Welfare State*, Oxford University Press, Oxford.

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

—— (2000) *The Social Situation in the EU*, Office for the Official Publications of the EC, Luxembourg.

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

—— (2002*b*) *Employment in Europe, 2002*, Office for the Official Publications of the EC, Luxembourg.

—— (2003) *Employment in Europe, 2003*, Office for the Official Publications of the EC, Luxembourg.

Eurostat (2000) *Persistent Income Poverty in the EU*, Statistics in Focus, series 3, no. 13.

—— (2002*a*) *The Life of Women and Men in Europe, 1980–2000*, Office of Official Publications of the EU, Luxembourg.

—— (2002*b*) *The Impact of Children on Women's Employment varies between member States*, News Release 60/2002.

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

—— and Rhodes, M. (2000*a*) 'Recasting European welfare states' and 'Building a sustainable welfare state', *West European Politics*, 23(2): 1–10, 257–82.

—— and Rhodes, M. (2000*b*) 'Building a Sustainable Welfare State', *West European Politics*, 23(2): 257–82.

Gallie, D. (2002) 'The Quality of Working Life in Welfare Strategy', in G. Esping-Andersen *op. cit.*

George, V. and Taylor-Gooby, P (1996) *European Welfare Policy: Squaring the Welfare Circle*, Macmillan, London.

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

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

—— (1998) *The Third Way*, Polity Press, Cambridge.

Goode Committee (1994) *Pensions Law Reform*, Cm 2342-1, HMSO.

Hall, P. (1993) 'Policy paradigms, Social Learning and the State: The case of economic policymaking in Britain', *Comparative Politics*, April 1993: 275–6.

Hemerijck, A. (2002) 'The self-transformation of European social models', in Esping-Andersen (ed.). *Why we need a new Welfare State*, Oxford University Press, Oxford: 173–214.

—— Visser, J. (2000) 'Change and immobility: three decades of policy adjustment in Belgium and the Netherlands' in M. Ferrera and M. Rhodes *West European Politics*, 23(2) (special issue): 229–56.

Hinrichs, K. (2001) 'Elephants on the move', in S.Leibfried (ed.) *Welfare State Futures*, Cambridge University Press, Cambridge.

Huber, E. and Stephens, J. (2001) *Development and Crisis of the Welfare State*, Chicago University Press, Chicago.

Iversen, T. (2001) 'The Dynamics of Welfare State Expansion', in Pierson (ed.), *The New Politics of the Welfare State*, Oxford University Press, Oxford, 45–79.

—— and Wren, A. (1998) 'Equality, Employment and Budgetary Restraint: The Trilemma of the Service Economy', *World Politics*, 50(4): 507–46.

Jenson, J. (2002) *From Ford to Lego : Redesigning Welfare Regimes*, paper presented at the Annual Meeting of the American Political Science Association, Boston, 29 August–1 September.

Jessop, B. (1994) 'The Transition to Post-Fordism and the Schumpeterian Workfare State', in R. Burrows and B. Loader (eds.), *Towards a Post-Fordist Welfare State?*, Routledge, London.

—— (2002) *The Future of the Capitalist State*, Polity Press, Cambridge.

Kaase, M. and Newton, K. (1996) *Beliefs in Government*, Oxford University Press, Oxford.

Kautto, M., Hekkla, M. Hvinden, B., Marklund, S., and Ploug, N. (1999) *Nordic Social Policy*, Routledge, London.

—— Fritzell, J., Hvinden, B., Kvist, J., and Uusitalo, H. (2001) *Nordic Welfare States*, Routledge, London.

Knijn, T. and Kremer, M. (1997) 'Gender and the Caring Dimension of Welfare States: Towards Inclusive Citizenship', *Social Politics*, 4(3) 328–61.

Korpi, W. (1983) *The Democratic Class Struggle*, Routledge and Kegan Paul, London.

—— (2000) 'Faces of Inequality: Gender, Class and Patterns of Inequality in Different Types of Welfare States', *Social Politics*, 7(2): 127–91.

Kuhn, T. (1970) *The Structure of Scientific Revolutions*, Chicago University Press, Chicago.

Kuhnle, S. (ed.) (2000) *The Survival of the European Welfare State*, Routledge, London.

Lewis, J. (1993) *Women and Social Policies in Europe: Work, Family and the State*, Edward Elgar, Aldershot.

—— (1998) *Gender, Social Care and Welfare State Restructuring in Europe*, Ashgate, Aldershot.

Lodemel, I. and Trickey, H. (2000) *An Offer You Can't Refuse. Workfare in International Perspective*, Policy Press, Bristol.

McNamara, K. (1998) *The Currency of Ideas: Monetary Politics in the European Union*, Cornell UP, Ithaca/London.

Myles, J. (2002) 'A New Social Contract for the Elderly?', in G. Esping-Andersen *op. cit.*

—— and Pierson, P. (2001) 'The Comparative Political Economy of Pension Reform' in Pierson 2001 *op. cit.*

OECD (2000) *Reforms for an Ageing Society*, OECD, Paris.

—— (2001*a*) *Social Expenditure Database*, 3rd edn., CD-rom.

—— (2001*b*) *Labour Force Statistics, 1980–2000*, OECD.

—— (2001*c*) *Balancing Work and Family*, Employment Outlook, June.

—— (2002*a*) *Economic Outlook*, no. 71, June.

—— (2002*b*) *Education at a Glance 2002*, OECD, Paris.

—— (2002*c*) *Employment Outlook, 2002*, OECD Paris.

—— (2003) *Economic Outlook 2003*, OECD, Paris.

Oorschot, W. van (2000) 'Who Should Get What, and Why', *Policy and Politics*, 28(1): 33–49.
Orloff, A. S. (1993) 'Gender and the Social Rights of Citizenship: The Comparative Analysis of Gender Relations and Welfare States', *American Sociological Review*, 58: 303–28.
Pierson, P. (1994) *Dismantling the Welfare State? Reagan, Thatcher and The Politics of Retrenchment*, Cambridge University Press, Cambridge.
—— (1996) 'The New Politics of the Welfare State', *World Politics*, 48(2) 143–79.
—— (1998) 'Irresistible Forces, Immovable Objects: Post-industrial Welfare States Confront Permanent Austerity', *Journal of European Social Policy*, 5(4): 539–60.
—— (2001*a*) 'Post-industrial Pressures on the Mature Welfare States', in Pierson (ed.), *The New Politics of the Welfare State*, Oxford University Press, Oxford, pp. 80–104.
—— (2001*b*) 'Coping with Permanent Austerity: Welfare State Restructuring in Affluent Democracies', in Pierson (ed.), *The New Politics of the Welfare State*, Oxford University Press, Oxford, pp. 410–456.
Pochet, P. (1999) *Monetary Union and Collective Bargaining in Europe*, PIE Peter Lang, Brussels.
Rathwell, T. (1998) 'Implementing Health Care Reform: A Review of Current Evidence', in R. Saltman, J. Figueras, and C. Sakellarides, *Critical Challenges for Health Care Reform in Europe*, WHO.
Rhodes, M. (2001) 'The Political Economy of Social Pacts', in Pierson (ed.) 2001: 165–96.
Richardson, J. (2001) *European Union*, Routledge, London.
Rico, A., Saltman, R., and Boerma, W. (2003) 'Organisational Restructuring in European Health Care Systems', *Social Policy and Administration, special issue*, in P. Taylor-Gooby (ed.), 37(6): 592–608.
Room, G. and Berghman, J. (1990) *The New Poverty in the EU*, Macmillan, London.
Rowthorne, R. and Ramaswamy, R. (1997) *Deindustrialisation: Causes and Implications*, Economic Issues paper 10, IMF.
Rubery, J. (1999) *Women's Employment in Europe*, Routledge, London.
Scharpf, F. and Schmidt, V. (2000) (eds.) *Welfare and Work in the Open Economy: Diverse Responses to Common Challenges*, Oxford University Press, Oxford.
Schmidt, V. (2002) *The Futures of European Capitalism* , Oxford University Press, Oxford.
Spiess, K. and Schneider, U. (2002) *Midlife Care-giving and Employment*, European Network of Economic Policy Institutes, WP9, February.
Svallfors, S. and Taylor-Gooby, P. (1999) *Responses to State Retrenchment: Evidence from Attitude Surveys*, Routledge, London.
—— (2001) 'Sustaining welfare in hard times', *Journal of European Social Policy*, 11(2): 133–47.
—— (2002) 'The Silver Age of the Welfare State', *Journal of Social Policy*, 31(3): 597–623.
Wilensky, H. and Lebeaux, C. (1958) *Industrial Society and Social Welfare*, Free Press, NY.

2

New Social Risks in a Conservative Welfare State: The Case of Germany

Andreas Aust and Frank Bönker

Introduction

The German welfare state is still in a state of transition (Bönker and Wollmann, 2000*a*). Given the weak performance of the German economy since the mid-1990s and the coming demographic challenge, the need for change is now broadly accepted. At the same time, institutional constraints and the breakdown of the traditional social policy consensus have complicated the initiation and consolidation of reforms, so that the contours of the new settlement are becoming visible only gradually. The reform debate has further intensified since the parliamentary elections in September 2002. The current term has seen hectic legislative activities in almost all fields of social policy.

In this chapter, we focus on one particular aspect of welfare state development in Germany, the emergence of, and the reaction to, new social risks. The German social policy tradition, structured to meet the needs of traditional breadwinners within an industrial labour market, faces sharp challenges from shifts in family roles and from the rise of non-standard employment (Esping-Andersen, 1999). The conservative welfare regime exerts a strong influence on the way in which new social risks emerge, and the policy-making framework with its multiple checks and balances imposes constraints on the response to them. We first examine how the interplay between the general socio-economic changes outlined in Chapter 1 and national welfare state institutions has shaped the emergence of new social risks. Then we turn to discourses and policy developments and

Thanks for useful comments on earlier drafts go to Hellmut Wollmann, Karl Hinrichs, Peter Taylor-Gooby, and other members of the WRAMSOC team.