Robert Schuman Centre

A New Social Contract?
The Four Social Europes: Between Universalism and Selectivity

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Ferrera: A New Social Contract?
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Between Universalism and Selectivity

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BADIA FIESOLANA, SAN DOMENICO (FI)
Convergence and Persistence in European Welfare Reform

In recent years the theme of 'convergence' of the social policies of western countries has gained a pre-eminent position in political and academic debates. It is not difficult to understand the reasons for this new interest. The literature on the crisis of welfare has amply revealed the similarity of the challenges that each country faces. These challenges are of an endogenous nature (like demographic changes or changes in the labour market), as well as of an exogenous nature (the so-called globalisation of markets). If the challenges are analogous, it is natural to expect that the policy responses are also, to a large extent, the same. Such an expectation should not necessarily depend on functionalist assumptions (common challenges of adaptation produce 'equivalent' responses). For it can also be based on the recognition that - at least within the OECD area - policy innovation occurs on the basis of an increasingly swift and intense process of diffusion and imitation among countries, via learning and lesson-drawing on an international scale (Rose 1991).

The debate on convergence has been, and still is, particularly lively within the European Union. Under the presidency of Jacques Delors, this concept became a leitmotif even on a prescriptive level. In 1992 for example, a recommendation was approved that officially invited member states to conform to a series of common objectives in the social protection sector. Over the last few years, the Commission has been actively involved in monitoring the main policies of this sector to measure if, and to what extent, the various national systems are evolving towards analogous goals and formulae. The thesis at the basis of these initiatives (and explicitly formulated in some official documents such as the Green Paper, 'Options for Europe' of 1994) can be synthetised as follows:

1) notwithstanding the variety of historical traditions, EU countries share the same 'social model';

2) this model is today confronted with analogous challenges and tensions in the face of which it is reasonable to expect similar responses, in a process of more or less spontaneous convergence;

3) European institutions must as far as possible go along with this process through the dissemination of information and analyses, as well as through occasional legislative interventions for the purpose of 'discipline'.
On a descriptive level, this thesis contains without a doubt many (and almost obvious) elements of truth. Remaining at a fairly high level of observation, it is not difficult to recognise the high degree of affinity among European systems of social protection in relation to those of other industrialised areas (North America, East Asia, Australia/New Zealand), in terms of spending, generosity of services, the extent of insurance cover, mass expectations, orientations and so on (CEC 1995). On the basis of similar macro-affinities it is doubtless reasonable to formulate diagnoses and predictions in terms of convergence. Thus the process of European integration has created common challenges to national welfare arrangements (regarding the free movement of labour, for example) and has promoted the adoption at a Community level of constraining measures for all countries (for example, a uniform set of arrangements in relation to maternity leave). Even if European integration has not (yet) explicitly created a ‘social dimension’, it tends, in other words, to produce a certain degree of almost automatic (and often implicit) ‘communitarisation’ in the area of social policy (Leibfried and Pierson 1995). Spontaneous convergence can then be plausibly hypothesised in relation to two aspects:

1) the orientation and the general criteria of welfare reform. Due in large part to the work of Community institutions, an ‘epistemic community’ has been formed on a continental scale in recent years, which is concerned with the analysis of problems and elaboration of solutions as well as being active in mediating processes of institutional diffusion among countries. National debates are thus infiltrated by the same buzz words (‘managed care’, ‘targeting’, ‘active’ policies etc.) and are encouraged to deal with similar issues according to plans and concepts that are often elaborated on a supra-national level (for instance the theme of ‘social exclusion’);

2) some macro-quantitative measures, such as aggregated levels of social spending (which show signs of a gradual alignment), their internal composition (which is becoming more homogeneous), and their growth rates (which are diminishing) etc. In this case, the observable convergence is the result of the similar dynamics of the financial ‘maturation’ of insurance schemes, in the presence of analogous socio-demographic pushes, as well as common macro-economic constraints operating within each country, which are in turn partly connected to the developments of economic and monetary integration.

If however, we move from the general criteria of reform and the macro-quantitative indicators to the institutional framework and specific programmes of the fifteen national systems of social protection, the
convergence thesis becomes much weaker. Closer inspection does show signs of alignment even at this level. Some of the more macroscopic ‘regional deviations’ for example seem gradually to be attenuating. Southern European welfare states have undertaken the first steps towards establishing plans for a guaranteed minimum wage (in line with the 1992 Recommendation), thus bridging one of their more considerable gaps. Scandinavian countries have begun to extend the role of social contributions as an instrument for financing welfare, reducing correspondingly the role of traditional fiscal financing. Certain new ideas, moreover, are materialising in very different institutional contexts, giving place to phenomena of ‘qualitative’ convergence that are quite surprising. For example, in 1994-95 Sweden and Italy have launched two very innovative pension reforms, both of which hinge on the principle of ‘defined contributions’\(^6\). However, much institutional change - the concrete, specific responses to analogous, endogenous and exogenous challenges - continues to follow the patterns of the past. Thus Germany, for example, reconfirmed its loyalty to ‘Bismarkian’ principles by introducing in 1994 a new insurance plan for long-term sickness assistance (\textit{Pflegeversicherung}), while Britain seems to want to revitalise its own pre-Beveridge tradition of assistance to the poor with the recent introduction of new benefits filtered by the means test.

Seen from below, the ‘European social model’ so dear to Delors thus appears much more heterogeneous than it does from above. This ‘model’ tends, conversely, to shatter into a kaleidoscope of historical sediment and national specificity, in which the persistent dynamics tend to overshadow those of convergence. However, as demonstrated by the abundant literature on the (qualitative) ‘types’ of welfare\(^7\), even at this level it is possible to trace regularities and configurations of institutional ingredients shared by more or less large groups (‘families’) of countries. These configurations or ‘regimes’ have structured (and still structure) the crisis of European welfare in different ways. Even in the presence of common challenges, analogous levels of spending distributions and even normative or epistemic references, the logic of institutional evolution tends to remain different within each welfare family.

The notion that institutional configurations ‘matter’ in modelling the perception of problems and the attempts to solve crises of public policy is certainly not new in the comparative debate on the welfare state (see for example Heclo 1974). Recently it has received interesting confirmations. An incisive comparative project on the attitudes of elites in some European countries on the future of social protection has for example, revealed how
beyond generic etiquettes (‘explosion of costs’, ‘social exclusion’, ‘privatisation’ etc.), policy-makers tend to select problems and elaborate solution strategies according to a pattern closely linked to the type of welfare regime in force in their countries (Taylor Gooby 1995). In his recent work, Esping-Andersen has established some convincing demonstrations of how ‘liberal’, ‘conservative-corporatist’ and ‘social democratic’ regimes (according to his well-known typology) are responding in clearly different ways to the transition from ‘fordist’ to ‘post-fordist’ arrangements - sometimes remaining trapped in their own contradictions (Esping Andersen 1995).

In the rest of this article, we provide a further illustration of this syndrome. Firstly, the profile of the four institutional configurations in which the ‘European social model’ is articulated today will be dealt with. Then we will illustrate how an idea that today is very much in vogue within the international and supranational epistemic community - targeting - finds within each of the four ‘families’ very distinct interpretations and applications. These reflect in fairly evident fashion the process of ‘moulding’ operated by the type of institutional configuration in force.

Four Social Europes

In macro-institutional terms, European social protection systems differ principally with respect to the following dimensions: 1) the rules of access (eligibility); 2) benefit formulae; 3) financing regulations; and 4) organisational-managerial arrangements. On this basis, four different configurations distinguishing four ‘geo-social’ European families can be outlined.

The first family is made up of the Scandinavian countries. As is well-known, in this case social protection is a right of citizenship, cover is universal (even in relation to sickness and maternity cash benefits which, in Sweden and Finland are even given to those outside the labour market) and benefits consist of relatively generous fixed amounts that are automatically paid to compensate for various social risks (even if employed workers receive supplementary benefits through compulsory occupational schemes). Public assistance plays a rather circumscribed, residual integrative role. Social protection is primarily financed through fiscal revenues. However, as has already been observed, recently steps have been taken to extend the role of social contributions (in 1994 Denmark introduced them, for example, for health and unemployment
Organisationally, the various components of Scandinavian welfare are strongly integrated among themselves and the provision of benefits and services (including a vast range of socio-sanitary services) is under the direct responsibility of (central and local) public authorities. The only sector that remains substantially outside this integrated organisational framework is unemployment insurance, which is of a voluntary character and directly managed by trade union organisations.

The second family is the Anglo-Saxon one (United Kingdom and Ireland). Here too, welfare state cover is highly inclusive, but can be considered fully universal only in the health domain. In fact, in the income maintenance sector, inactive citizens and the employed earning less than a certain threshold (54 pounds sterling a week in the UK and 30 pounds in Ireland in 1995) have no access to National Insurance benefits. These benefits - also flat rate - are, moreover, much more modest than in Scandinavia. The range of social assistance benefits with a means test is also much more extensive. They have mixed systems of financing: health is entirely tax financed, while cash benefits (especially those of an insurance nature) are largely financed by social contributions. As in Scandinavia, the organisational framework is highly integrated (including unemployment insurance) and entirely managed by the public administration. The social partners play a secondary role.

The third family includes Germany, France, the Benelux countries, Austria and Switzerland. Here the Bismarkian tradition centred on the linkage between work position (and/or family state) and social entitlements are still highly visible in the income maintenance sector as well as the health sector. Only Holland and Switzerland have made this tradition partially hybrid by introducing some schemes of a universal character. Benefit formulae (proportional to income) and financing (through social contributions) in large part reflect insurance logics (even if not strictly actuarial), often with diverse disciplines according to professional groups. This highly occupational approach is reflected also in organisation and management. Trade unions and employer organisations participate actively in governing the insurance schemes, conserving some marginal autonomy in relation to public authorities, especially in the health sector. The majority of the population is covered by social insurance, through their own or derived rights. The insurance obligation comes into effect automatically at the beginning of a job paying income. It should be noted, however, that in Germany and Holland the highest band of incomes (over about 70,000 DM and around 60,000 HFL annually in 1994) are exempted from compulsory health insurance. Whoever falls through the insurance
net in these countries can fall back on a network of fairly substantial social assistance benefits, which is, however, less standardised than in Scandinavia or the British Isles.

Finally, the fourth family is made up of southern European countries: Italy, Spain, Portugal and Greece. These welfare states are characterised by not entirely homogenous degrees of development: the Italian system of protection is quite mature (even if there is a large differentiation between the north and the south of the country), but the Spanish system, and in particular the Greek and Portuguese systems, are still in the process of development. The comparative debate has tended thus far to consider these systems as belonging to the Continental family, to the regime of ‘conservative-corporatist’ welfare. What, then, is the justification for putting them in a separate family? We believe that there are two good justifications.

The first is that this area appears to be characterised by a sui generis institutional configuration in relation to the four dimensions listed at the beginning of this section. On the one hand, in the southern European countries there is a highly fragmented system - with respect to occupational demarcations - of income guarantees that has a ‘Bismarkian’ stamp. There are also very generous benefits (for example in the pension field). In contrast to the continental European area, in southern Europe there is nonetheless no articulated net of minimum basic protection. As has already been observed, this abnormality has recently given some signs of attenuating due to the introduction of guaranteed income plans at a regional level in Italy and Spain. But the gaps in cover are still considerable. On the other hand, in the course of the last fifteen years all four countries have established national health services with a universal vocation, that is to say, based on the rights of citizenship. The universalisation of access and the standardisation of services can be considered complete only in Italy where during the 1970s and 1980s the old occupationally fragmented ‘mutualistic system’ was replaced by a National Health Service. Spain, Portugal and Greece also formally introduced national health services. However, the transition from the old category mutualities to the new order is still in course. The aim in these countries is to arrive at a standardised universal health citizenship. Thus, southern European social protection is characterised by a mixed orientation: occupational funds and the social partners play an important role in income maintenance but no longer (or increasingly less) in the health sector. In this last sector, moreover, fiscal revenue is gradually substituting for social contributions as source of finance.
The second justification for placing the four Latin welfare systems in a family of their own is the high ‘particularism’ that characterises their functioning as regards the payment of cash benefit (clientelistic manipulations, fraud, etc.) and financing (widespread tax evasion etc.). In southern Europe, not only does welfare have a \textit{sui generis} configuration, but so has the state. This not very ‘Weberian’ state is largely infiltrated and easily manipulated by organised interests (and in particular political parties). The low degree of ‘stateness’ of the Latin systems of welfare is a feature that isolates this family of nations from the others in Europe (Ferrera, 1996).

Because of different genetic pre-conditions and evolutionary frames, the four institutional configurations of the European social model have witnessed - over the last 15 years - quite distinct welfare syndromes, moulding the opportunity structure and thus the strategies of the various actors, constraining and facilitating organised action and programme reform, as well as the very cognitive and normative schemes of policymakers and policy-takers. Consequently, the four social Europes are facing very different ‘solidarity dilemmas’. Within them the ‘buzz words’ of the international political and academic debate acquire meanings, values and implications that converge very little - as the case of so-called ‘targeting’ demonstrates.

\textbf{Different ‘Universalisms’, Different ‘Selectivities’}

Preoccupation with the cost and efficacy of social policies has in recent years stimulated a progressive re-evaluation of the notion of selectivity. This refers to the limitation of access to benefits or services on the basis of specific conditions of need or income\textsuperscript{14}, in order to avoid the dispersion of resources and reach those who are genuinely not self-sufficient, while containing at the same time aggregate spending. For some countries the new emphasis on selectivity implies the institutionalisation or consolidation of guaranteed minimum income schemes or, to be more precise, nets of protection aimed at the support of those who have no access to social insurance benefits. Targeting has become an important ingredient of the policy recommendations formulated by authoritative international organisms such as the OECD or the World Bank and its virtues are increasingly praised by the various international and supranational exponents of the policy communities dealing with social issues, not only in reference to advanced countries but also developing
countries (Gough 1995). We are confronted, in other words, with a guiding idea which has a strong potential for orientating the process of social learning.

Analysts of the ‘Labourist’ school are perplexed by this revival of selectivity from which some dangerous threats to the efficacy and stability of welfare could emerge, including a progressive and stigmatising ‘ghettoisation’ of the beneficiaries of means-tested services, a qualitative decline of services (‘welfare for the poor becomes poor welfare’) and an erosion of middle-class support, with consequent risks of a welfare backlash.

In the arguments of both the supporters and the opponents of selectivity, the attention paid to what above we called institutional configurations is very scant. The merits and demerits of targeting are presented and discussed with a tacit clause of ceteris paribus, as if its practicality and its organisational, distributive and political implications arrangements were the same for every country or family of countries, independent of pre-existing arrangements. As has been suggested, it is in fact these arrangements that structure the opportunities and the direction of welfare reform. Thus, it is natural to expect that grafting (or attempts at grafting) selectivity onto these systems tends to lead to quite different policy syndromes in the four social Europes outlined above.

The Anglo-Saxon institutional configuration is tacitly taken as a point of reference in the debate. In the UK and (but to a lesser extent) Ireland, targeting has been widespread and intense. As the literature has revealed, the English welfare state has recorded a remarkable growth in means-tested services in the course of the last fifteen years. The beneficiaries of these services represented 15.9 per cent of the population in 1992, with an increase of 6.7 per cent with respect to 1980, while in 1992 spending in this area absorbed about a third of the total social security budget - by far the highest percentage in Europe (Gough 1995).

This marked ‘residualisation’ of British welfare is generally seen in the context of the politico-ideological climate of the 1980s and the long Conservative hegemony. The prevalent interpretation, put briefly, is in terms of class relations. Nevertheless, the explicit discretionary measures of the Thatcher and Major governments on this terrain were certainly not explosive: some restriction of the criteria and requisites for eligibility in relation to insurance benefits, the introduction of two new means-tested plans (Housing Benefit and Family Credit) and the revision of
unemployment benefits from April 1996 (CEC 1995). The residualisation of social protection has been much more a ‘creeping’ phenomenon, and in a certain sense ‘automatic’. On the one hand it appears connected to the lack of a re-evaluation of insurance benefits (in particular National Insurance old age pensions). On the other, it is also linked to the growth, in the last fifteen years, of precarious and part-time jobs often bereft of insurance cover because of the above mentioned barriers to access. Both of these dynamics pushed a growing number of beneficiaries to claim supplementary assistance from Income Support. Without removing any responsibility from the Conservatives, it can be said that their actions were not politically and organisationally ‘heroic’. They simply put a stop to ‘universalistic maintenance’, in the absence of which the system built by Beveridge tends inexorably to degenerate towards selectivity - particularly in periods of economic crisis, social and labour market transformations etc.

It should be noted that the ‘selective’ logic favoured by the Conservative governments found important reinforcements in other elements of the British institutional configuration. The highly unitary nature of the system of social insurance precluded the emergence of horizontal distributive tensions among occupational categories. The high centralisation and the modest involvement of the social partners (in particular trade unions) in the policy process kept government decisions (or non-decisions) at a low level of visibility. The policy legacy, already oriented towards selectivity (from the time of the Poor Laws), sustained the dynamics of residualisation with cognitive and normative predispositions congruent with, or at least not opposed, to it.

Moreover, it is precisely the Anglo-Saxon institutional configuration which - in the absence of ‘universalistic maintenance’ - tends to produce those negative results associated with selectivity in the “Labourist” debate: a means-test objectively experienced as stigmatising within the national symbolic legacy, the formation of dependency traps, high levels of non-take-up etc.

While in Anglo-Saxon countries the adoption of selectivity through the means-test represents an ‘easy’ option in politico-institutional terms, in the Scandinavian countries this situation is turned on its head. Far from ‘naturally’ moving towards targeting, the configuration of their welfare systems renders them virtually immune to such dynamics, at least on the benefit side. Several factors sustain the particular strength of Scandinavian universalism with respect to Anglo-Saxon universalism: the absence of minimum earnings requisites for access to social insurance, the
highly standardised procedures for the definition and the adjustment of the ‘basic amount’ of cash benefits and the presence of semi-universalist, earning-related supplementary benefits. Furthermore, there is the deep-rooted culture of *folkhemmet* (i.e. the welfare state as a common house for all and not only for the poor). The introduction of means-testing in such a context would be a veritable ‘injury’ to the institutional and symbolic fabric of Scandinavian welfare. Thus, not even ‘bourgeois’ governments (including the one that ruled Sweden at the beginning of the 1990s in a moment of serious economic and financial crisis) ever seriously considered this option.

To say that Scandinavian (in particular Swedish) universalism does not have an aptitude for targeting does not mean that it is impermeable to ‘cuts’. During the course of the last five years Sweden has introduced restrictive measures that would be difficult even to propose in many European countries. For example, the introduction of a waiting period for the first day of illness and the first five days of unemployment, the reduction of replacement rates for short-term benefits, the increase in pensionable age and the shift to a contributory formula of pensions (with a much less generous formula than the one recently introduced in Italy) etc. (CEC, 1995). Although incisive (and probably regressive in distributive terms), such cuts do not however make inroads into the universalistic framework of the system. They merely render it a little less solid. In other words, the Scandinavian institutional configuration makes it easier to impose sacrifices *erga omnes* rather than modify protection on the basis of the effective conditions of need. In the Spring of 1995, the Social-Democratic government of Stockholm gave another example of this, preferring to cut the amount of universal family allowances (for the first time since they were established in 1948) to the option of grading them on the basis of income.

In the third ‘social Europe’, coupling selectivity with the institutional configuration brings about very different challenges with respect to those of Anglo-Scandinavian Europe. As mentioned above, in continental countries the majority of the population is included in occupational schemes that are still largely based on the insurance logic, which dictates that benefits are linked to contributions and/or earnings. Even if the insurance logic has in large part become a *façade* 20, nonetheless it is a *façade* that considerably constrains selectivity. In the first place, the only kind of selectivity that is viable is *exclusive* and not *inclusive*: since everyone is already covered by generous programmes, the only option is to try and exclude the better off from certain benefits. As mentioned earlier,
this has been foreseen for a long time by the German and Dutch health systems. Given that the universal ethos is less rooted in these countries than in Scandinavia, targeting “out” theoretically encounters less obstacles ‘of principle’ but still requires discretionary measures that withdraw consolidated entitlements. The road is thus politically more uneven than in Britain. Paradoxically, this is the case notwithstanding the fact that selectivity of an exclusive type is largely immune to several of the perverse effects of inclusive selectivity. In fact, the ‘affluence test’ does not have the stigmatising effect associated with the ‘poverty test’, and does not operate as a disincentive to the take up of benefits to which citizens are already accustomed. In the second place, the presence of a multiplicity of category schemes raises serious dilemmas for horizontal solidarity: that which is fair (and acceptable) for one category may not be such for another. Finally, the high level of involvement of the social partners complicates the framework. In particular, in these countries unions tend to defend welfare ‘separatism’ and to oppose the regulatory intrusion of public powers (even for equitable ends) so as not to lose important resources of legitimacy. In France, for example, unions oppose every attempt to reform social security in the direction of ‘conditional’ universalism that is supported by the Socialist party (Bonoli and Palier 1995). The only benefits in which targeting has some chance of success are family allowances which in many countries of this area are universal as opposed to category (work-related) benefits.

Finally we come to the fourth ‘social Europe’, the Latin one. The institutional configuration of this area makes grafting selectivity easier in principle, but in fact more difficult and risky than in continental Europe, notwithstanding the common ‘Bismarkian’ heritage of the two families. Firstly, as mentioned above, they are mixed systems of social protection -universalist in health and occupational in social security. The first sector offers a terrain that is potentially more hospitable to selectivity, at least in the ‘targeting out’ version (exclusion of benefits or higher co-payments for the more well-to-do classes). The Italian Servizio Sanitario Nazionale has already taken many steps in this direction and has become the most targeted among all European national health services (Ferrera 1995a). In the Iberian countries and Greece, Italian ways have not yet caught on but they may do so in the future, as soon as the process of organisational transition from the old to the new system is complete. It must be noted, however, that health targeting in southern Europe is particularly susceptible to two types of perverse effect, given the persisting contributory nature of financing (and the high rates of evasion - see below). The first perverse effect is of a distributive type: the same
‘exclusive’ thresholds of income are applied to categories of contributors that are subject to different rates. The second perverse effect is of a socio-political type: the persistence of contributory financing continues to feed the perception that health services are a ‘return’ on contributions paid. Thus, exclusive selectivity risks producing perceptions of iniquity and resentment on the part of the excluded classes that can be mobilised in an anti-universal direction, especially when standards of services are declining, at least on a non-clinical level (Ferrera 1995a and 1995b).

In the corporatist, work-related sector of income maintenance, selectivity tends to encounter analogous obstacles to those in the third, continental, Europe: i.e., the insurance ethos, the dilemmas of horizontal solidarity, the hostility of unions etc. However, the framework becomes complicated by the highly ‘polarised’ character of protection levels. On the one hand, the generosity of many benefits (especially pensions) which are manifestly disproportionate to individual and category contributions has brought about pressures for both a restrictive reduction of formulas (see the recent reforms in Portugal, Greece and Italy) (CEC 1995), and a selective revision of many situations of privilege. In Italy, thresholds of income were introduced for minimum, invalidity and recently, war survivors pensions. In both Italy and Greece, a limit to benefit accumulation (multiple pensions etc.) was introduced. In short, the ‘over-protection’ enjoyed by certain categories within the social security system legitimises policies that prune back benefits, and smooths the way for selectivity, despite the insurance legacy.

A second ‘window of opportunity’ for the introduction of targeting is created by the considerable gaps in the income support net. These have brought about pressures for the modernisation of public means-tested assistance through the establishment of minimum income guarantee schemes. There has also been strong encouragement in this direction from Community institutions. Furthermore, Insofar as it represents a completion of welfare state development, the introduction of ‘inclusive’ selectivity is judged in positive terms - as a step towards alignment with the more progressive European welfare states. It should be noted, however, that the ‘institutional windows’ for selectivity in southern Europe are difficult to open (notwithstanding their promises in equity terms) because of the still very maximalist culture that permeates the unions, which remain important actors in social policy formation.

The most marked challenge that the southern European configuration poses for the adoption of selectivity, however, is linked to what we called
earlier its low degree of 'stateness': a low administrative capacity and a state apparatus easily manipulated by particular groups. This feature of Latin welfare states lacks one of the essential prerequisites of every targeting policy, that is, the possibility of verifying - through standardised and impartial procedures - the effective needs of claimants/beneficiaries. Of particular relevance in this respect are the deficiencies of southern European tax systems which are inefficient in controlling evasion and verifying incomes. Because of these deficiencies, targeting risks causes perverse outcomes, favouring contributors that are not needy but fraudulent in their tax declarations, and penalising contributors that are needy and honest. Beyond certain thresholds (which have already been overtaken in the Italian case), such perverse policy outcomes have provoked resentment in large areas of public opinion. In tandem with the phenomenon of 'clientelistic use' of many services (for example invalidity pensions in Italy, subsidies for agricultural employment in Spain), the iniquities of the various systems of exemption on the basis of (verified) income erode the overall legitimacy of the welfare state and can lead to real syndromes of welfare backlash. In short (and in conclusion), however relatively viable on a politico-institutional level, in Southern Europe selectivity risks bringing about more problems and contradictions than it promises to resolve in terms of social equity and the overall legitimacy of the welfare state.

Conclusion

Pushed forward by the dynamics of European integration, not to mention a complex web of endogenous and exogenous challenges, European social protection systems have started a process of gradual institutional transformation inspired by largely similar principles and criteria. This process could potentially lead to a progressive qualitative convergence among the various systems. The existence of a large and active international epistemic community, as well as the activism of European Community institutions, are two factors that favour this tendency. However, convergence is confronted by strong limits in the different institutional configurations of the 'European social model'. These configurations filter common socio-economic challenges. They model perceptions, interests and thus the strategies of actors. They define the constraints and opportunities of institutional change. Ignoring the role of these configurations can lead to misleading generalisations not only on a descriptive level, but also on a prescriptive level. As we have tried to reveal in relation to targeting, the four social Europes react differently to

stimuli coming from the same ‘idea’. Policy diagnoses and recommendations characterised by institutional blindness risk producing misleading interpretations and undesired perverse effects.

Is European welfare thus destined to remain fractured into different models of solidarity, prisoners of their past and their various institutional logics? To a certain degree, the answer is yes, at least for some time to come. Among the many European policy spaces, ‘social Europe’ is still strongly under-institutionalised and the rhetoric of subsidiarity militates in favour of national social specificities. As mentioned above, the process of integration has begun slowly to erode the status quo. But the definition of a new social contract on a continental scale, of a true welfare state on a community level, is a slow and uneven process. As was already the case in historical processes of state-building at the national level, within the European Union too social solidarity will be difficult to institutionalise - and much more difficult than the single market or even a single currency.
Bibliography


Endnotes


2 To this end, a series of ‘Observatories’ were established on family policy, polices for the old, policies against social exclusion and integrative social security policies. For an illustration of the work done by the various Observatories, see Commaille and Thozet-Teirlinck, 1995.

3 A debate is in progress on the opportunity for and the substance of these interventions. See CEC, 1994.

4 An ‘epistemic community’ is a network of experts that shares the same nucleus of knowledge, similar normative orientations and that is actively involved in the promotion of certain solutions to certain problems in the conviction that they contribute to increased collective welfare. See Haas, 1992.


6 According to this criterion, benefits are linked to past contributions on the basis of pre-determined coefficients instead of pensionable earnings. Cf. CEC, 1995.

7 For a review, see Ferrera, 1993.

8 Naturally, there are other relevant dimensions of variation among European welfare states. However, the four indicated seem the more significant for our discussion.

9 On this point, see Gough, 1995.

10 On the Dutch case and its mixed character, see Ferrera, 1993. For a more in-depth discussion of the Swiss case, see Rossi and Sartoris, 1995.

11 In Germany and Austria, there is also a minimum threshold of earnings for compulsory insurance providing income maintenance benefits.

12 On this point see the discussion in Ferrera, 1996.

13 For a reconstruction of this process, see again Ferrera, 1993 and 1995a.

14 For a discussion of the various meanings of selectivity and targeting, see Gough, 1995.

15 We use this expression in Baldwin’s sense (1992), to indicate those authors that have explored the characteristics of the ‘social-democratic model’ of social policy, explaining its genesis primarily in terms of class struggle and socio-democratic hegemony and regarding the Scandinavian model, resting on institutionalised universalism, as the highest stage of the welfare state’s evolution.

16 For a review of the debate on the implications of targeting, see Mitchell et al. 1994.
The objection does not hold for Gough, 1995, who emphasises the historical and institutional sequences that led to different ‘regimes’ of public assistance.

Scandinavian fiscal systems subject all cash benefits to income taxes. Thus, they selectively claw back a part of what they distribute in the form of benefits.

Another factor that impedes selectivity in Scandinavian countries is the high public sensitivity to risks of ‘gender’ discrimination. Targeting tends in fact to penalise female workers in particular.

In the sense that benefit formulas have little ‘actuarial’ substance and tend to be more generous than would be the case with a stringent application of insurance criteria.
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