

Colin Hay

Matthew Watson

Daniel Wincott

POLSI  
University of Birmingham  
Edgbaston  
Birmingham B15 2TT

## Globalisation, European Integration and the Persistence of European Social Models

C. Hay, M. Watson and D. Wincott

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Concerns as to the relationship between globalisation and European integration on the one hand, and the impact of such processes upon 'social models' or 'welfare regimes' on the other, currently animate both academic and practitioner debates across Europe. Indeed, it is not too much of an exaggeration to suggest that in certain national contexts, the very appeal to the notion of globalisation has come to connote the inevitability of welfare reform and fiscal restraint just as, in others, it is European integration that has come to acquire similar connotations. Increasingly, it would seem, a distinctive, and some would argue distinctively European conception of an active welfare state has been replaced by a more residual or conditional welfare advocacy (Hay 2000a). The extent to which this new discourse finds itself reflected in the institutional architecture of European welfare states, however, is an empirical question and, as such, varies considerably from case to case. Yet the discursive shift itself is less ambiguous. Where once welfare provision was justified not in terms of its economic externalities but its direct contribution to social inclusion, increasingly welfare imperatives have been subordinated to perceived economic imperatives. Consequently, the viability of a revised and residual or at least conditional welfare-workfare state is now invariably assessed in terms of its contribution, variously, to human capital formation, labour market flexibility or, more generally, national competitiveness (cf. Gough 1996; Pfaller et al. 1991). Unsurprisingly, perhaps, this has led to increasing talk of an epochal transition from the era of the (Keynesian) welfare state to that of the competition state (Cerny 1997) or, even, the Schumpeterian workfare state (Jessop 1994a, 1994b, 1994c). If warranted, such descriptions have clear implications for claims as to the persistence of a distinctly European social model or, indeed, a variety of distinctly European social models.

In the context of such empirical generalisations, it is often suggested that either the political economy of globalisation or the political economy of European integration, *or both*, have served to undermine the distinctive 'European Social Model' that emerged and was consolidated in the early post-war period. In this schematic paper and in richer empirical detail in the project on which it draws (see also Hay 1999a, 2000a, 2000b; Hay and Watson 1998; Watson 1999a; Wincott 1999, 2000), we assess and evaluate these claims by way of a comparative study of nine European countries – Denmark, France, Germany, Hungary, Italy, Ireland, the Netherlands, Sweden and the UK. These cases have been chosen to reflect different European welfare traditions and different levels of exposure to both globalising economic forces and the processes of European economic and political integration (see Tables A.1.1–A.2.1 in the statistical annexe).

We are not merely concerned, however, with empirical indices of exposure to globalisation. For this would be to treat globalisation, as in so many accounts, as an unproblematic dependent variable. The appeal to globalisation as a causal 'process without a subject' is in fact deeply problematic (Hay and Marsh 2000). In tune with an emerging 'third wave' of literature on the subject (cf. Kofman and Youngs 1996), we propose to reverse the conventional direction of causality and ask not what globalisation might explain so much as what might account for globalisation itself and the phenomena with which it has become variously associated. If to adopt such a stance is to advance a distinctly heterodox approach to these issues, then equally heterodox is our emphasis upon the role of ideas about globalisation in the unfolding and instantiation of welfare reform over time. In a context in which diagnoses of globalisation and the various imperatives it is held to conjure proliferate, it is remarkable, we think, that so little attention has been paid to the independent causal and constitutive role of *ideas about globalisation* in the generation of the effects attributed to globalisation itself.<sup>1</sup> By and large academic political economists and commentators have contributed to the exponential growth in the literature on the subject without acknowledging the role such ideas may have in the policy-making process, irrespective of their veracity (for rare, however partial, exceptions see Blyth 2000; Douglas 1996; MacNamara 1997; Wincott 2000). This persistent oversight we seek to rectify (see also Hay 1998; Hay and Watson 1998, 1999).

Yet, having cautioned against the appeal to globalisation itself as an unproblematic dependent variable, it is perhaps also important to caution against viewing ideas about globalisation in as similarly an unproblematic a fashion. For, as our own work on the British case has already revealed, governments acting in accordance with restrictive views of the constraints imposed by globalisation are likely to contribute further, through the consequences of their actions, to the evidence enlisted in support of such a view (Hay 1999b; Hay and Watson 1998; Watson 1999b, 2000). In short, acting in a manner consistent with (variants of) the globalisation thesis may well serve to summon the consequences the thesis would predict, irrespective of the accuracy of the thesis itself. Thus, as Frances Fox Piven perceptively notes, "the explanation itself has become a political force helping to create the institutional realities it purportedly merely describes" (Piven 1995: 108). Similarly, in Nikolas

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<sup>1</sup> The distinction between causal and constitutive logics is, of course, Alexander Wendt's. Whilst we find it here provides a useful heuristic, we are less convinced that such logics can so easily be disentangled. Indeed, much of our understanding of globalisation rests on the demonstration of the causal significance of discursively constitutive practices. On the distinction itself see Wendt (1999).

Rose's terms, "the truth effects of discourses of economic globalisation are somewhat independent of the veracity of the analysis" (Rose 1996: 354). This is a complex and, at first sight, perhaps rather cryptic point. Yet, we suggest, its significance can scarcely be overstated. A couple of brief illustrations will perhaps serve to clarify the argument.

Consider the issue of capital flight, so frequently associated with arguments about globalisation. Conventional wisdom has it that globalisation and/or financial liberalisation have served to lubricate flows of both investment (or fixed) and financial (or fluid) capital (see Watson 1999b). Restricting, for now, our focus to the former, the perceived consequence of heightened mobility is the threat of exit. Multi-national corporations temporarily bedded-down in a specific location may engage in a process of 'regime-shopping' or 'regulatory arbitrage', choosing their destinations on the basis of the 'competitiveness' of corporate taxation regimes and the price of labour at a given level of skill. The implications of this for public policy makers are clear: ensure a competitive corporate taxation regime or prepare for a haemorrhaging of invested capital as the multi-nationals exercise their new-found mobility (Watson 1999c). In so far as this conception of capital mobility is shared, governments will tend to pursue a strategy of regulatory undercutting, seeking to outcompete one another in terms of the incentives to capital they might offer. As Duane Swank notes in an admirable summary of the orthodoxy, "in the face of inherent impediments to international policy coordination, governments face incentives to engage in competition for investment" (1998: 676). The ensuing 'race to the bottom' (Marquand 1994: 18), for which there is clear evidence in contemporary Europe,<sup>2</sup> has clear implications for the revenue basis on which the welfare state — and, indeed, the 'European social model' — is predicated. Yet what, for current purposes, is most crucial about this process is that at no point does it rely upon hard evidence of capital's flight from 'punitive' taxation regimes and 'over-regulated' labour markets. Whilst governments continue to act in a manner consistent with this *structural dependence thesis*,<sup>3</sup> marginal rates of corporate taxation will fall in a manner entirely consistent with the predictions of the thesis,

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<sup>2</sup> Reflected, for instance in the secular decline in marginal rates of corporate taxation across Europe since the 1970s. See Garrett (1997: 17); Swank (1998, 1999).

<sup>3</sup> The thesis that, with globalisation, the state becomes more structurally dependent upon capital and must therefore internalise its preferences. For an application to the British case, see Wickham-Jones (1995, 1997) and, for a critique, Hay (1997).

whether it is right or wrong.<sup>4</sup> For what it is worth, what evidence there is of the mobility of multi-national corporations stands in marked contrast to the structural dependence thesis, suggesting as it does that foreign direct investment does not in fact seek out low taxation and deregulated labour market regimes (Boix 1998; Cooke and Noble 1998; Swank 1998, 1999). Moreover, the mobility of invested capital is frequently exaggerated as the (significant) costs of exit tend to be assumed negligible in standard neo-classical inspired models (Watson 1997; Hay and Watson 1998).

Moving to a somewhat different, if closely related, example, a belief that an expansionary macroeconomic stance may precipitate a flurry of capital flight may well be sufficient to ensure a persistent deflationary bias that may bear no relation to 'real' economic processes. Yet such a bias may in turn serve further to entrench the impression that reflation is impossible and that there is no alternative to neo-liberal economics in a context of heightened capital mobility. Moreover, for such a view to produce such an effect requires no evidence of capital mobility, though its very existence is likely to be taken as a further indication of precisely such a logic (for a further development of this argument see Hay 1997).

The significance of such illustrative anecdotes does not lie in their empirical detail. For present purposes, the lessons we wish to draw are essentially two-fold: (i) that ideas about globalisation may exert an independent causal effect on political and economic dynamics irrespective of the material effects to which they refer; and (ii) that in so doing they well serve to summon material effects entirely consistent with the globalisation thesis. In this paper we seek to draw out the implications of these two observations for the development of a research agenda to investigate the links between globalisation, European integration and welfare/labour market reform.

This suggests the need to expand the range of questions conventionally asked. Consequently, rather than concentrate our attention simply on the empirical correlation between quantitative (or, for that matter, qualitative) indices of globalisation and those of welfare expenditure (for an admirable attempt to do precisely this see Garrett 1998), we prefer instead a more institutionalist and diachronic approach which seeks to chart processes over time. Thus, in addition to an analysis of the context in which public policy-makers find themselves, we

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<sup>4</sup> It is here perhaps chastening to note that in conventional neo-classical models, the optimal rate of taxation on income from capital in small open economies tends to zero. See Razin and Sadka (1991a, 1991b); Tanzi and Zee (1997); Tanzi and Schuknecht (1997).

consider the dynamic process through which such actors come to understand that context (and hence the constraints and opportunities it provides), the means by which they come to acquire 'knowledge' (however misinformed) of their environment and both the intended and unintended consequences of their actions (see also Marsh 1999; Hay and Marsh 1999). In relation to each country, and to the EU more generally, then, we examine: (i) the extent of globalisation; (ii) the extent to which globalisation is appealed to in debates concerning competitiveness, labour market policy and the welfare state; and (iii) the nature of the imperatives globalisation is seen to summon. This in turn allows us to examine how the material 'reality' and discursive construction of globalisation, singly and together, affect policy decisions taken about welfare provision.

Globalisation, however, is not the only supra-national factor appealed to in contemporary discussions (both practitioner and more narrowly academic) about the viability of existing regimes of social provision and labour market regulation in Europe. As noted above, the pressures attributed to globalisation in many national contexts are just as frequently attributed to the process of European integration in others. Consequently, if we are to reveal the mechanisms precipitating welfare and associated labour market reform in contemporary Europe, it is imperative that we examine not only the 'reality' and 'constructed reality' of globalisation. Equally important is an assessment of the relationship between globalisation and European integration on the one hand, and of that between European integration (particularly monetary union) and social policy on the other.

Globalisation and European integration are not easily disentangled. For, whilst a number of authors see regionalisation and globalisation as sharply antithetical processes, others effectively conflate the two, treating, for instance, deepening regional economic integration in Europe as evidence itself of global economic integration. This latter strategy (if strategy it is) can only serve to inject further conceptual confusion into a debate already characterised by terminological imprecision, tautological and functionalist argument and causal obfuscation (Hay 1999a; Wincott 2000). Globalisation and regionalisation, we suggest, are more fruitfully defined in such a way as to emphasise their analytical distinctiveness. The simple invocation of regionalisation need not imply globalisation just as the invocation of globalisation need not imply regionalisation. Understood in this way, the substantive relationship between regionalisation and globalisation is a contingent and, above all, empirical one. Whether deepening regional (economic) integration advances a process of global (economic) integration or not cannot be



answered theoretically, dependent as it is on the specific character of the regionalisation process under consideration (Hay 1999a: 19-24).

Moreover, as we have noted above, discourses of and about globalisation (frequently couched in terms of notions of competitiveness and comparative advantage) routinely shape perceptions of the space for manoeuvre at the national level; they may prove equally influential at the regional level. Once again, then, due consideration must be given to the discursive construction — now on a pan-European stage — of globalisation and the imperatives of competitiveness in an era of increased global (or, at least, 'triadic') economic integration.

An integrated research agenda in this area, we suggest, must consider the following:

1. The extent to which European integration might be seen as attenuating, exacerbating or even initiating tendencies towards the restructuring of welfare regimes in contemporary Europe;
2. The extent to which the process of European monetary integration in particular might be seen as the proximate cause of many of the effects more frequently attributed to globalisation;
3. The extent to which European social provision and labour market regulations might, by contrast, serve to protect the European Social Model from the consequences of globalisation;
4. The different appeals made to the processes of European integration and globalisation, both comparatively and within the same national context, in providing a public rationale for welfare and labour market reform.

Finally, and in the light of such considerations, it is important to assess and evaluate the claim that a new trans-national 'European social model' is emerging at the EU level, considering the compatibility of any such emergent trans-national regime with existing (and, in the case of Hungary, emergent) national social models.

Our research to date suggests that European integration, in particular the restrictive terms of monetary union, represent a far more immediate and pressing constraint on expansive and inclusive welfare provision than globalisation *per se* (Hay 1999a; Wincott 2000; see also Baimbridge et al. 1997; Gill 1998; Grahl and Teague 1997;

Hodges and Woolcock 1993; Rhodes 1992, 1996, 1998; Tsoukalis and Rhodes 1997). Of course, to point to the neoliberal selection mechanisms which have come to be associated with the process of European integration, monetary integration in particular, does not necessarily discriminate well between arguments suggesting that globalisation is the principal process operating here (and that EMU is merely epiphenomenal of globalisation) and those that it is EMU rather than globalisation which might best account for such a neoliberalisation. It is important, then, that we consider why the process of European integration should have acquired the characteristics of a default neoliberalism, seemingly despite the best intentions of many of its original architects (see, for instance, Ross 1995; Leibfried and Pierson 1999). Two points might here be noted. First, given the effective veto powers of EU member states over policy details relating to the integration process (such as labour market regulation, tax harmonisation and social policy), the *positive integration* or *upward harmonisation* envisaged by the likes of Delors himself was always likely to yield to *negative integration* or *downward harmonisation* to something approximating a lowest-common-denominator level.<sup>5</sup> That level would seem to be closer to the British variant of Anglo-US neoliberalism than it is to the Delorsian conception of a 'European model of society' which animated the revitalisation of the integration process in the 1980s. Second, the projection of processes of economic management from the national level to the regional level through, for instance, the creation of an independent European Central Bank, may itself be corrosive of the often fine-grained institutional interactions at the national level which made possible more coordinated forms of capitalism (such as that of the German model).<sup>6</sup> In this sense, economic integration itself implies a certain neoliberalisation and a residualisation of social models. Though by no means a categorical refutation of the globalisation thesis, this does suggest that we might adequately account for the default neoliberalism of the (rather more contingent) process of European integration without the need to refer to the more inevitable and inexorable selection mechanisms appealed to in the literature on globalisation. It also suggests that, in the first instance at any rate, it is the character of European integration rather than the competitive imperatives of globalisation *per se* that select for a default neoliberalism in contemporary Europe. Moreover, even were we to

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<sup>5</sup> This terminology was first deployed by Pinder (1968). For a formalisation of the distinction, see Sharpf (1998).

<sup>6</sup> Thus, it may well be the very fact of a European monetary policy rather than the conduct of such a policy (when contrasted, say, to that of the Bundesbank) which compromises the national wage-bargaining regimes characteristic of the German model — and, with it, the model itself (see Hall and Franzese 1998; Hay 2000b).

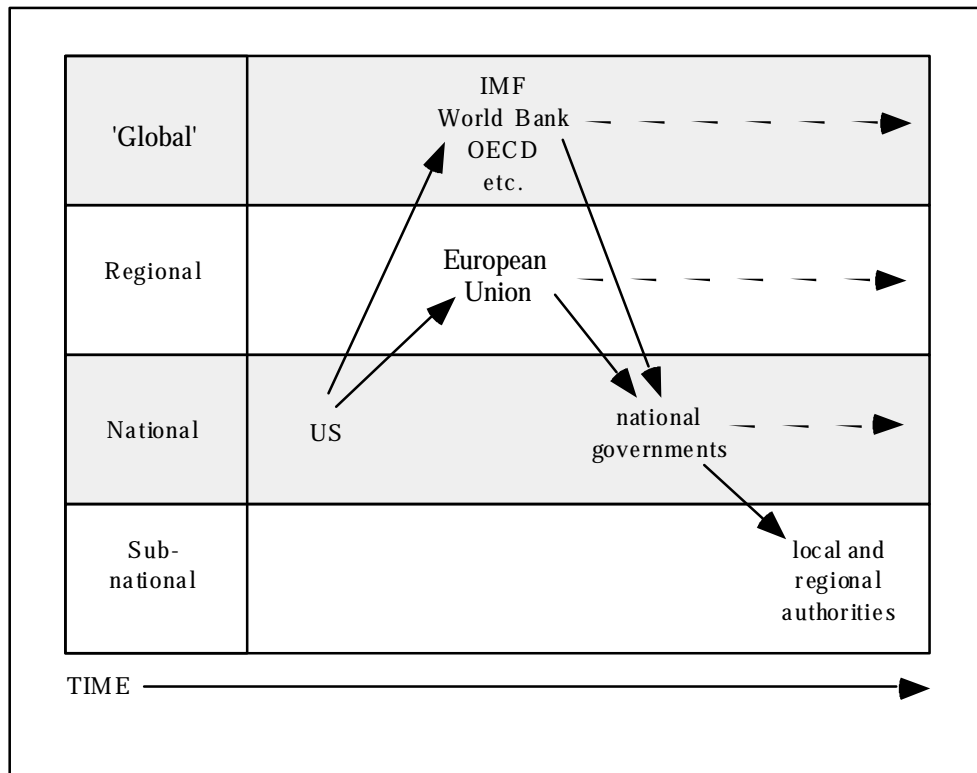
remain impressed by arguments positing such generic and global selection mechanisms, the above discussion serves to demonstrate the need to consider their regional (and, indeed, their national) mediation. Such a recognition can only serve to emphasise that any convergent tendencies that can be identified within the contemporary global political economy are rather more complex and contingent than the convenient invocation of globalisation would suggest.

*Globalisation, competitiveness and the transcendence of the 'European Social Model'*

As the above introduction perhaps serves to illustrate, arguments as to the obsolescence of the European social model have tended, in recent years, to be rooted in contemporary concerns about national, and indeed, pan-European economic competitiveness. It is important, then, that we chart the development of discourses of competitiveness and globalisation (and the changing relationship between the two) at both the European and national levels. An initial survey indicates that, as a source of perceived economic imperatives, notions of competitiveness predate those of globalisation (though invariably invoking similar assumptions as to the operation of the global political economy). The former feature prominently in popular debate and public policy making from the early 1980s in the US (for reviews see Coates 2000; Lawton 1999; Rapkin and Avery 1995). Ironically, the orthodoxy of the times was that heightened competition in a more integrated international economy served to show up the comparative and competitive *disadvantage* of the more deregulated North American 'model' of capitalism, in marked contrast to the supply-side 'developmental statism' of the newly-industrialising economies (see, for instance, Cohen and Zysman 1987; Magaziner and Reich 1982; Thurow 1983; Starr 1988; Zysman and Tyson 1983). It is not difficult to trace the onward diffusion of this particular discourse, if only by charting the uptake of Laura Tyson's original definition of competitiveness, first in the report of the President's Commission on Industrial Competitiveness (1985) and then, subsequently, and in identical terms, by the OECD, the EU and a welter of other international institutions. It is equally easy to demonstrate the mirroring of such competitiveness discourses at the national level. This suggests a simple (if still tentative) diffusion schema (see Figure 1).

The globalisation of the discourse of competitiveness (and with it assumptions about the global political economy) might, then, have rather more to do with the contemporary pressures on the European social model than the globalisation of

economic relations itself. It would certainly seem as though the discourse of competitiveness has acted as a precursor to that of globalisation, serving as it did to introduce and popularise open economy assumptions into popular discussions of the operation of the international economy. What is also clear is that in recent years it is the comparative advantage, not disadvantage, of the deregulated Anglo-US model that has become associated with the discourse of competitiveness.



*Figure 1: The Diffusion of the Discourse of Competitiveness*

In contemporary Europe, competitiveness concerns have tended to be associated with three rather different, although frequently conflated, claims about globalisation:

1. That in an era of foreign direct investment and mobile productive capital, 'punitive' taxation regimes associated with positive agendas of welfare reform and comprehensive social provision can only serve to precipitate capital flight (Kitschelt 1994; Kurzer 1993; Moses 1994, 1998; Scharpf 1991; Steinmo 1993);
2. That in an era of financial deregulation and liberalisation, national economic policy is effectively 'policed' towards convergence on neo-liberal norms by speculative flows of financial funds (Cerny 1990; Ehrenberg 1994; Iversen 1996; Moses 1998); and

3. That in an era of heightened labour mobility, high-wage, high-skill labour markets are difficult to protect, serving to establish a deregulatory 'race to the bottom' in the attempt to encourage and subsequently retain both inward and indigenous investors (Scharpf 1991; Strange 1996; Teeple 1995).

When exposed to empirical scrutiny, each of these arguments has been shown, at best, to exaggerate the extent, consequences and homogenising effects of globalisation (see for instance Blyth 2000; Hay and Watson 1998; Notermans 1993, 1996; Watson 1999a; Watson and Hay 1998). Indeed, the conclusions of more recent research reveal the distinctively uneven spatial and temporal development of 'globalisation' and hence the dangers of overgeneralisations of this type. Such important correctives relate specifically to the mobility of capital and to the comparative returns to investment of loosely and tightly regulated labour markets and of low and high taxation regimes (Boyer and Drache 1996; Cox 1997; Zysman 1996). Such interventions suggest the need to disaggregate globalisation and to consider it less as an inexorable dynamic and more as a tendency to which there are counter-tendencies or, at least, to which counter-tendencies may be mobilised (Hay and Marsh 2000). What this entails is a recognition of the complex and contingent causal logics of the processes which interact to produce the effects often attributed to globalisation. Such an approach can only reveal, we suggest, the specificity and uneven development of globalising tendencies, the presence of (similarly unevenly developed) counter-tendencies, and the mediating role of both European and national institutions. It may also serve to challenge the very notion that contemporary pressures on European welfare states and labour markets can usefully be attributed to the logic of globalisation at all. For, as argued above, an analysis based on process-tracing rapidly throws up factors indigenous both to the integration process and the economies themselves as the proximate cause of contemporary labour market and welfare reform (Hay 2000a). This is a point to which we return in conclusion (see Table 1, discussed below).

Whilst it is important not to prejudge the issue of convergence/divergence, it is clear that *ideas* about globalisation, if not the extent of globalisation itself, continue to inform public policy decisions in contemporary Europe in a manner which is consistent with tendential neo-liberal convergence (Douglas 1996; Hay and Watson 1998; Overbeek 1993).<sup>7</sup> As such, we suggest, the impact of globalisation on the

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<sup>7</sup> For whilst welfare expenditure (expressed as a percentage of gross domestic product) continues to rise, when demographic and other inflationary demand-side factors (such as the escalating cost of

political economy of Europe may be more rhetorical than substantive (although no less real for this). *It is the political deployment of the discourse of globalisation, rather than the transformation of the international political economy that such a discourse purports to represent, which is the most significant factor in explaining the perceived link between globalising tendencies and the 'necessity' of welfare state retrenchment.*

This is likely to prove a highly contentious point and, thus far, it is one which we are only prepared to defend in detail for the British case (see Hay and Watson 1998; Watson 1999a, 1999b). Moreover, it is complicated somewhat in the majority of European cases here considered (the partial exceptions being Hungary, Sweden and the UK) by the process of monetary integration which has wrested macroeconomic authority and autonomy from the state whilst imposing a strict deflationary bias. This inauspicious combination of factors is likely to prove deeply corrosive of the European social model, irrespective of arguments about globalisation (Grahl and Teague 1997; Rhodes 1998). Consequently, it is surely tempting to regard the discourse of globalisation, just like globalisation itself, as largely irrelevant to an understanding of the residualisation of the (continental) European social model. This, however, is a reading against which we caution. For, whilst the explicit appeal to the discourse of globalisation in debates about social reform varies from case to case (seemingly, in direct correlation to levels of Euroscepticism),<sup>8</sup> we should not overlook the extent to which the institutional architecture of the integration process has been shaped by assumptions about the competitive imperatives summoned by globalisation. Thus, whilst we need to be clear to differentiate between globalisation and 'Europeanisation' as causal logics in welfare and labour market reform, the discourse of globalisation and the assumptions informing the integration process are far more difficult to disentangle.

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state-of-the-art medical provision) are considered, the real extent of retrenchment becomes clear (Hay 2000a; Moran 2000; on the issue of demographic change see, in particular, Franco and Munzi 1996).

<sup>8</sup> This should come as no surprise. For, in contexts in which the legitimacy of the European integration process can be assumed relatively unproblematic, reticence to attribute to it pressures for welfare retrenchment and labour market deregulation is likely to prove a less significant factor. In contexts (like the British) in which there is a strong Eurosceptic voice, however, the seeming inexorability of globalisation may prove a more convenient scapegoat than that of European integration. For some indicative data on attitudes towards European integration see Tables A.3.1 and A.3.2 in the Statistical Appendix.

It should come as no surprise, then, that whilst in many contemporary European contexts, 'globalisation' is appealed to as necessitating welfare retrenchment, in other European contexts precisely the same consequences are attributed to European integration and, particularly, to the process of monetary integration. Thus, for instance, in France and the UK greater emphasis is given to competitiveness concerns linked directly to the discourse of globalisation, whereas in Germany and Italy the Maastricht convergence criteria and the terms of EMU have tended to dominate public discourse about social policy (Taylor-Gooby 1996; see also Krishnan 1996; Ross 1997; Schimdt 1997, personal correspondence). As a number of authors have noted, the terms of EMU are likely to institutionalise the very same restrictive economic policies which have become so intimately associated with the discourse of globalisation (Artis and Winkler 1997; Buti et al. 1998; Eichengreen and Wyplosz 1998). The attendant logic of macroeconomic convergence has clear consequences for welfare retrenchment (Martin 1998).

If much of the above analysis has been concerned with arguments suggesting the residualising and liberalising role of the integration process, then it is important also that we consider the converse view. A powerful discourse around the notion of a *trans-national* 'European Social Model' has emerged. This is frequently taken to imply that social provision may be protected by complementary action at the EU and national levels (for reviews see Rhodes and Apeldoorn 1997; Leibfried and Pierson 1995).<sup>9</sup> This suggests that, far from exhibiting a tendency towards a European-wide 'best-practice' neo-liberalism, any convergence may in fact serve to deepen existing national specificities by extending and developing individual welfare regimes in new directions (Leibfried 1993; Wilding 1997). European integration appears, then, to have a rather contested (or perhaps two-edged) impact on social provision. Yet whilst these accounts provide a useful corrective to those doomsayers who predict a radically de-socialised, deregulated, 'Americanised' and, indeed, 'post-European' future for the EU,<sup>10</sup> our own view is that their blithe optimism should also be resisted. Though contingent, the current trajectory of the integration process seems well established and is likely to prove corrosive both of encompassing labour market institutions and inclusive social provision. To put it bluntly, what harmonisation there is seems likely to be downward, what integration there is, negative (Chassard and

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<sup>9</sup> It should, however, be noted that appeal to the notion of a trans-national European social model need not necessarily entail such a conclusion. For the term itself is neutral with respect to the content of social provision under any such emergent regime.

<sup>10</sup> Demonstrating, in the process, a profound failure to appreciate the sheer inertia of welfare regimes and labour-market institutions.

Quentin 1992; Gill 1998; Hay 1999; Rhodes 1998). This by no means entails the wholesale dismantling of European welfare states, but it may well serve to render it increasingly residual, increasingly conditional and, invariably, means-tested.

Yet, even this is to present an overly simplified and, indeed, overly determined picture. For, the pressures of 'multi-speed integration', 'variable geometry' and the prospects of political opposition at the national level to the consequences (both intended and unintended) of the integration process (cf. Krishnan 1996; Schmidt 1997) have raised the spectre of fragmentation within the existing structure of the European Union. In this respect, the uneven spatial development of European integration, and of domestically-mobilised counter-tendencies to it, is reminiscent of similar arguments made about globalisation. It suggests the utility of unpacking not merely the process of globalisation but that of European integration also, thereby resisting any temptation to accord to the latter a teleological or functionalist logic (for similar observations see Branch and Ohgaard 1999). This, in turn, facilitates an assessment of the extent to which any emergent trans-national European social model may either facilitate or constrain a diversity of extant national social models in the context of globalising tendencies and counter-tendencies (Crouch and Streeck 1997; Esping-Andersen 1996). By following such a strategy, researchers might better adjudicate between two contending hypotheses about the perceived incompatibility of globalisation and a comprehensive welfare state. The conventional view associated with the public discourse of, and much of the academic literature on, globalisation is that such tendencies serve to undermine the relative competitive advantage of certain modes of social provision whilst contributing to that of others, notably the Anglo-American (Kitschelt et al. 1999; Scharpf 1991; Teeple 1995; Wilding 1997). An alternative and at least equally plausible hypothesis, however, would suggest that sustainable globalising tendencies themselves only arise in the first place as a result of the prior ascendancy of certain modes of social provision. These, it is argued, may serve to attenuate the consequences of unfettered market competition in a more integrated trans-national economic space. In this latter conception, the political consent for the promotion of globalising tendencies is more easily secured in certain institutional environments than others. If right, this requires a more precise understanding of such institutional environments (or 'social models') — their origins, developmental trajectories and contemporary legacies. Moreover, it raises a potential paradox: that social models which may attenuate the initial social dislocation of global liberalisation may suffer from a perverse death wish. For, the economic integration process they promote may ultimately serve to undermine their distinctive blend of social inclusion and labour market regulation, rendering them gravediggers at their



own burial. A related argument can be made about the process of European monetary union, with Germany, for instance, widely seen to be leading an integration process which may, in fact, prove more corrosive of the German social model than others (this is certainly the implication, however understated, of Hall and Franzese 1998).

### *Unpacking the 'European Social Model'*

If we are to engage in such an historical reappraisal, it is crucial at the outset that we clarify our terminology. The concept of 'social model' has been widely deployed within the existing literature (Wincott 1999). Yet there is, as yet, no commonly agreed definition. Indeed, a number of different senses have been used interchangeably and, as such, frequently conflated. Four conceptions of 'social model' are here particularly appropriate.

First, in its most generic sense, the 'European social model' has been used to refer to certain commonalities in the institutional architecture of national capitalisms in the European context throughout the post-war period. Here, the 'European social model' is frequently counterposed to a relatively deregulated 'American' model and a more developmental 'South East Asian model' (Kester 1996; Porter 1996; Preston 1998; Watson and Hay 1998), each being characterised by a distinctive mode of regulation and an equally distinctive regime of competitiveness. The European 'regional' model in such a schema is conventionally characterised by extensive social protection, encompassing and legally sanctioned labour market institutions and the resolution of social conflict by consensual and democratic means (Grahl and Teague 1997; Martin and Ross 1998).

Second, within the context of this distinctive 'European social model', a variety of rather more specific national models of social provision have been identified (the British, the Swedish and the German perhaps being paradigm cases) (Graham 1997; Pontusson 1997; Streeck 1997).

Third, more recent developments in the literature have served to identify a rather different sense of the 'European social model'. Here, in contrast to the similarities between national social models within the European context, the development of a distinctive trans-national European social model is emphasised. Often associated with such claims is the argument that social provision at the national level has been 'hollowed out', with responsibility and institutional capacity increasingly displaced, at

least in the EU, to the trans-national level (Jessop 1994a, 1994b, 1994c; R. A. W. Rhodes 1994). Accordingly, 'social policy in one country' is no longer considered to be viable (Wilding 1997).

Finally, in light of such developments and with the prospect of EU enlargement, we might posit the emergence of altogether new social models, as former state socialist regimes, for instance, are incorporated into the processes of European political and economic integration, revising their extant institutions accordingly (Deacon et al. 1997: ch. 4). The Hungarian case provides an excellent example. Impressed initially by the seemingly virtuous combination of comparative industrial harmony, wage stability, low inflation and stable rates of economic growth, Hungary sought an institutional and ideational transfusion from the German model. More recently, however, with a series of public prognoses of the immanent demise of the German model (for instance, Streeck 1997), Hungary has come to espouse a rather less distinctive Northern European 'hybrid' (Jacoby, personal communication).

If we are to assess the utility of such conceptions of the social model, it is crucial to establish:

1. Whether, historically, it is useful to speak of a distinctive European social model (sense 1) — i.e.: whether, between cases and over time, European traditions of labour market and social regulation exhibit sufficient similarities to warrant the identification of a common 'model';
2. Whether, if this is indeed the case and as many have argued, the distinctiveness of this generic European social model has been eroded in recent years in the context of globalisation as a distinctly North American model of capitalism has become globally ascendant;
3. Whether, historically, it is not more accurate instead to emphasise the institutional specificity of national (as distinct from pan-regional) social models (sense 2);
4. Whether the specificity of national social models within Europe has become more or less pronounced in the context of globalisation's variable geometries; and, finally,
5. Whether one can identify tendencies towards the emergence of a new trans-national European social model (sense 3).

The very suggestion of a trans-national European social model raises a whole series of further issues, with significant consequences for future policy-making in this area and which have yet to be dealt with adequately in the existing literature. Additionally, then, it is important to consider:

6. Whether EU membership is likely to result in the modification of existing welfare institutions to bring them more in line with a trans-national European social model (existing or emergent) — this applies both to states which have recently acquired EU membership, such as Sweden, and those yet to accede, such as Hungary;
7. Whether the terms of membership of the Single European Currency may serve to impose upon those in the first wave (such as Denmark, Germany, France, Ireland, Italy and the Netherlands) a common trajectory not necessarily shared by those who remain outside yet join in successive waves (the UK, Sweden and, perhaps, Hungary);
8. Whether the development of pan-European social institutions implies the replacement of national welfare provision by that at a supra-national level;
9. Whether the processes of institution building in post-socialist East Central Europe reflects the development of a trans-national European social model or contributes to the creation of distinctively new social models adding to the diversity of existing national welfare regimes.

Our aim here is to establish the parameters for a distinctive research agenda, whilst pointing to the limitations of the existing literature in this area, rather than to provide definitive answers. Nonetheless, some preliminary observations are perhaps in order. Here we restrict ourselves to three. First, whilst there are clear dangers in deploying in the most generic sense the notion of a common ‘European social model’, if used with care the term may provide a useful heuristic. Given our focus on process tracing and hence on the development of welfare and labour market institutions over time, this may seem like a perverse comment. For the essential problem with the notion of the European social model is that it is static. If used injudiciously, then, it may serve to reify, and thereby prejudice, precisely what we are interested in investigating. Nonetheless, as a heuristic it does have its advantages, reminding us of some of the structural/institutional preconditions of the European integration process in the first place, whilst drawing our attention to the

path dependent quality of institutional change over time (the extent to which common legacies circumscribe the parameters of current developmental trajectories). Whilst there has been, and remains, much variation between European social models throughout the postwar period, and though the processes which sustain their developmental trajectories are as much endogenous as exogenous, the structural, cultural and institutional affinities between European social models are, we think, distinctive and worthy of note. Provided, then, that we are clear to resist prejudging the issue of convergence or divergence and equally clear to emphasise the extent to which the content of the European social model has varied, and will continue to vary, we see no significant problem with judicious appeal to the term.

Second, whilst there would appear to be considerable anecdotal evidence for the claim that the European social model (at least as it emerged in the early postwar period) is in the process of being transcended by the rise to global dominance of a distinctly North American model of capitalism, we remain sceptical of such arguments. The ascendancy of a certain neoliberal economic orthodoxy amongst the institutions of global economic governance is difficult to challenge (and whilst its origins can in some sense be traced to Washington), neoliberalism and the North American model of capitalism are by no means interchangeable. For, whilst we might join with Desmond King (1999) in noting the illiberalism of (neo)liberal practices in the US as elsewhere, we must also note that the global ascendancy of neoliberalism is by no means unchallenged, its dominance by no means assured (Hay 1999a; Higgott 1998; Wade and Veneroso 1998). Moreover, given the institutional and cultural density of European social models, the neoliberalisation of contemporary Europe is unlikely to see a rapid convergence on a North American model of capitalism. Distinctiveness will persist in the face of neoliberalisation. Indeed, distinctive national, even regional, neoliberalisms (with their assorted illiberalisms) may well proliferate. Their specific institutional architecture and developmental trajectories have yet to be charted.

Finally, whilst we are sceptical about the still highly influential appeal to globalisation as a competitive selection mechanism driving a neo-Darwinian process of convergence in its own right, we are broadly convinced that, at present, a similar process of neoliberal convergence is underway in Europe. Such convergence, however, is unevenly developed, path-dependent and, at most, a strong tendency to which local counter-tendencies may be mobilised. It is, moreover, a tendency sustained by the political and still as yet contingent process of European (monetary) integration to a far greater extent than by any demonstrably global processes or

practices (Hay 1999a; Wincott 2000). Somewhat perversely, then, whilst the distinctiveness of specific national social models within Europe may well be eroding, this has little to do with globalisation *per se*, though it may well have a great deal to do with popular (mis)perceptions of the same.

### *One 'Social Model' or Many? Reconceptualising the Postwar Legacy*

As we have been at pains to demonstrate, any assessment of the extent to which a 'European social model' has been undermined requires first an unpacking of such a conceptual model. Somewhat ironically, just as an important discourse around the idea of *the* 'European social model' has emerged at the EU level, comparative analysts have increasingly come to highlight the historical diversity of post-war European social models at the national level (Berger and Dore 1996; Crouch and Streeck 1997; Esping-Andersen 1990; Stephens 1997). As Martin and Ross suggest, Delors' initial vision of a single Europe saw accelerating political and economic integration (with the political driving the economic) as the means to preserve the 'European model of society' in the face of mounting competitive pressure from newly-industrialising economies and the like (Delors 1992; Martin and Ross 1998; Ross 1995). More recent developments, however, would seem to have compromised such a vision as, arguably, considerations of monetary convergence and economic integration first overtook and have subsequently come to marginalise the defence of the European social model. Thus, although a discourse of 'social partnership' became strongly rooted in the Commission during the 1980s, this has subsequently been somewhat diluted, if not altogether overwritten (Rhodes 1992). In this context, the EU's role in social policy has remained one of social policy harmonisation and regulation. Any aspiration to extend its competence in direct service provision that might have existed has largely been thwarted (Cram 1993; Leibfried and Pierson 2000; Majone 1993). This is reflected in a lack of both legal competence and budgetary resources in this area (Wincott 1996). Once again, this suggests that EU harmonisation and regulation may have a corrosive effect on national social models, driving a residualisation process by which social policy is increasingly subordinated to the perceived imperatives of competitiveness and of labour market flexibility in particular.

In the 'golden age' of post-war economic growth, attention focused on the functional role of the welfare state across western Europe, and beyond, in securing conditions conducive to the sustenance of economic growth. This literature tended to be associated with theories of convergence (Kerr et al. 1960; Tinbergen 1961), pointing

primarily to the common features of the welfare state across the western world and beyond, and attributing any differences among them to variations in their 'stage' of development. Likewise, it also emphasised the coincidence of historically high growth rates across the western world and, in turn, attributed any difference among them to variations in their 'stage' of capitalist development. Similarly, an extensive literature originating in the 1960s, sought to establish the functional correspondence between Keynesian techniques of economic management and the welfare state. The latter, it was argued, served effectively to inject demand into the domestic economy, especially in times of recession, thereby ironing out the economic cycle to ensure stable growth (Shonfield 1965; cf. Offe 1984).

Since the downturn in the world economy in the 1970s, attention has focused instead on the ways in which specific welfare regimes have contributed to, or undermined, the competitiveness of different national capitalisms (Albert 1993; Zysman 1983). Often couched in terms of a series of distinctive models of capitalism (of which the 'social models' considered above might be seen as integral components), this discussion has rightly emphasised the relationship between social welfare and economic performance. A variety of typologies has emerged. Thus, Albert (1993), for instance, counterposes an Anglo-American model of deregulated capitalism (represented in Europe by the UK) with a Nippo-Rhenish model of dedicated capitalism (archetypally represented by Germany and, to a lesser extent, France and Sweden). Others have argued that such a dualistic schema masks the specificity of a variety of national and sub-regional forms. Thus, Bianco and Trento (1995) and Regini (1995) point to the specificity of Italian capitalism, characterised as it is by a complex mix of regulatory systems and modes of corporate governance. Still others advance a schema which might be seen as elaborating and extending Albert's overly simplistic characterisation. Thus, De Jong (1995) and Moerland (1995) both distinguish, in a manner initially similar to that of Albert, between network and market-oriented models of capitalism. They take their analysis one stage further however, differentiating between 'social market' or 'Germanic' forms of network governance (characteristic of Germany, the Benelux countries, the Netherlands, Denmark and France) and 'pragmatic' or 'Latin' forms (characteristic of Italy and the Southern European states). In an influential and path-breaking study, Esping-Andersen (1990) has related such models of capitalism directly to the welfare state, positing welfare regimes coextensive with distinct 'worlds of capitalism' (Wincott 1998, 1999). In so doing, he identifies three different 'welfare state regimes' (conservative, liberal and social democratic), each characterised by different growth trajectories and patterns of social and economic regulation. Moreover, as he has subsequently gone on to argue, these three regimes have

responded to the pressures of competitiveness occasioned by globalisation and financial liberalisation in characteristic and distinctive ways (1996). Whilst this suggests that there is no single systemic response to globalisation, it does nonetheless suggest certain relatively homogenous 'regime' responses, at least within Europe. However, given more recent developments in the literature, this is an interpretation which must be exposed to empirical scrutiny.

Since Esping-Andersen's pioneering work, a dizzying variety of national 'welfare regimes' has emerged within the literature, to the point at which almost every state is now accorded the status of a 'national' model. Whilst keen to retain the sensitivity of the earlier literature to national specificity and the distinctiveness of national institutions, we are equally keen to resist the related tendency to depict all national regimes as 'models' in their own right and, thus, render them static. This tendency towards 'false particularisation' suggests that the coherence of the 'common' concept of the welfare state needs to be re-thought: firstly, if we are to understand adequately the historical legacies of the European post-war welfare settlements; with a view, secondly, to assessing the prospects for constructing a new *trans-national* European social model.

Clearly, globalisation and European integration are likely to have rather different impacts upon institutionally specific and culturally entrenched national models. The relationship between the economic and the social has varied considerably over time for any given welfare state and, at any given point in time, between different welfare states (Ambler 1991; Esping-Andersen 1990; Wincott 1999). However, recognition of the dominant discursive construction of globalisation nonetheless suggests a general problem for the maintenance of welfare regimes (Esping-Andersen 1996; Gough 1996; Hay 2000a). Globalising tendencies are commonly assumed to have promoted a mutual antagonism between social policy and economic policy — an antagonism invariably resolved by subordinating the former to the latter (Jessop 1994a; Rose 1996). Yet, despite such seeming commonalities in the identification of the competitiveness imperative across Europe, *particular* constructions of globalisation still vary in line with different national institutional and ideational environments. Our central concern is with these particular constructions of globalisation. For the effects which globalisation is seen to imply are likely to differ from one national context to another according to the precise manner in which globalisation is constructed within these different contexts. For example, globalisation is often held to undermine a variety of social models — specifically the Scandinavian, French and German — whilst suggesting the comparative competitive advantage of others — principally an Anglo-American model of welfare

retrenchment (Lane 1993; Meidner 1993; Pontusson 1997; Streeck 1997; cf. Notermans 1993, 1996).

Recent empirical work, however, has begun to challenge such a view. Thus, a number of authors, inspired by the seminal work of Cameron and Calmfors and Driffill, point to the merits of consistency in economic policy, positing at least two Pareto-optimal policy frameworks in an era of open economies and globalisation. These correspond to a deregulatory neo-liberal optimum and a social democratic corporatist optimum (especially Garrett 1998; see also Cameron 1978; Calmfors 1993; Calmfors and Driffill 1988; Golden 1993). This suggestive proposition deserves further scrutiny as the empirical evidence to date is perhaps somewhat ambiguous than its proponents suggest (for a critique along these lines see Hay 2000b). Any empirical limitations notwithstanding, this comparative literature does raise a series of crucial issues. These related, in particular, to its sensitivity to institutional variability between national capitalisms. If social democratic 'corporatism' (Garrett 1998: 2, 5-6) does indeed perform well under conditions of globalisation, then can this performance be emulated? Do European centre-left governments effectively have a free choice between coherent neoliberalism (market conformity) and coherent social democracy, or are there specific institutional and cultural preconditions, present in some contexts and not in others? The logic of this tradition of work, Garrett's optimistic equivocation notwithstanding, is that there are indeed institutional conditions for a high-investment, high-skill, export-led growth strategy. Moreover, these conditions essentially concern the relationship between labour market institutions and inflation, with archetypically social democratic 'encompassing' labour market institutions (Olson 1965) offering the prospect of corporatism in return for wage-restraint, thereby militating against wage-push inflationary pressures (Calmfors and Driffill 1988). This is an important and instructive observation. It is surely right to point to the potentially positive externalities of social democratic institutions and practices, particularly quality (as distinct from cost) competitive growth strategies and encompassing labour market institutions. Nonetheless, it is by no means unproblematic (see Hay 2000b). Two points might here be noted.

First, labour strength is only conjoined with the absence of wage-push inflationary pressures in this model if there is no disparity between the spatial scale at which wage bargaining occurs and at which monetary policy is set (Calmfors and Driffill 1988). Consequently, whatever the other merits of social democratic corporatism, its inflation-suppressing benefits at a national level may be compromised by the



Europeanisation of monetary policy in the absence of pan-European wage bargaining.

Yet even ignoring this complicating factor, there are surely other issues at stake here. The viability of social models surely hangs on more than this ability to temper inflationary pressures whilst securing the acquiescence of labour. Moreover, and of still greater significance, not all inflation is of the wage-push variety. Inflation may also arise from capacity constraints. Where, for instance, historically high interest rates have suppressed levels of investment in the domestic economy such that available capacity is insufficient to meet demand during 'up' phases in the economic cycle, inflation will arise. Arguably this is precisely Britain's predicament, a predicament only exacerbated by the monetary authorities' seeming instinct for short-term interest rates rises as a means of taking the heat out of the economy.

Here is not the place for a detailed exposition of the argument (see Watson and Hay 1998, Hay 1999b). Yet what the above discussion does serve to suggest is that whilst there may well be institutional (pre)conditions for successful social democratic corporatism in contemporary Europe — conditions EMU may conceivably compromise — the choice is not simply that between social democratic corporatism and neoliberalism. There are as many social democracies as there are current variants of neoliberalism — not all of which need be predicated on extant encompassing labour market institutions (again, see Watson and Hay 1998).

What the above discussion also highlights is our still rather paltry knowledge of the institutional and cultural conditions and preconditions of growth-sustaining alternatives to neoliberalism in a contemporary European and wider global economic context increasingly seen to select for such 'solutions'.

Such reflections invariably raise the crucial question of the prospects for trans-national lesson-drawing and institutional emulation within and between social models. These processes are frequently subsumed within the general category of policy transfer (Dolowitz and Marsh 1996). This notion, however, must be further unpacked. Here, we can usefully differentiate between: (i) inter-national transfer — as states learn from each other in the process, say, of restructuring their welfare stateregimes; (ii) transfer from the trans-national to the national level — as states revise welfare policy in the light of an emergent trans-national European social model (whether voluntarily or in the more constrained environment of 'harmonisation'); and (iii) transfer from the national to the trans-national level — as an EU-level agenda develops, drawing selectively on existing national models that it

may later serve to regulate and hence 'harmonise'. Whilst there is a growing literature on inter-national transfer, processes of transfer across spatial scales have yet to be adequately researched. Moreover, to date there has been insufficient attention paid to the institutional, and indeed cultural, preconditions for effective transplants, transfusions and transfers. Finally, it is important to note that transfer (however 'successful') is by no means necessarily a mechanism of convergence (at least in outcomes), since similar policies may yield very different effects in different contexts.

What is clear is that the institutional and ideational environment within which the dynamics of European policy transfer are played out is not exclusively domestic. Increasingly, the path-dependent evolution of the institutional architecture of the EU (Pierson 1996) has served to draw policy-makers in similar directions as processes of trans-national policy transfer have come to the fore. A consideration of such processes is crucial to any detailed analysis of the unfolding dynamic of welfare and labour market reform.

### *Conclusion*

By way of a synoptic summary and conclusion, it is instructive to identify the range of factors discussed above which might be seen as contributing to the contemporary challenge to European social models. Amongst such factors we can usefully distinguish between endogenous and exogenous pressures and, amongst those exogenous factors, between those operating (or, at least, seen to operate) at the European and global levels (see Table 1).

	<b>Pressures for welfare retrenchment</b>	<b>Pressures for welfare expansion</b>
<b>Global</b>	Perceived cost of capital flight in an era of heightened capital mobility; globalisation as a competitive imperative; welfare seen as a competitive burden on the economy	Need to protect labour markets and the social sphere from the worst excesses of unfettered market competition; investors' confidence dependent on perceived political stability/social harmony

<b>European</b>	Effective veto power of member states in the negotiation of EU social legislation resulting in negative integration; deregulatory and deflationary bias of EMU; independent European monetary policy corrosive of national wage-bargaining regimes	The European Single Market requires comprehensive social regulation; the 'hollowing out' of national social provision creates the potential institutional capacity for a trans-national European social model; the process of enlargement and the nature of existing regional inequalities entails considerable redistributive activity at a European level
<b>National</b>	With growing social inequality, dangers of a taxpayers' revolt; perceived 'crowding out' of investment; perceived inefficiency of market provision	Potential contribution to human capital formation; contribution to social stability in a time of rising labour market insecurity; demographic change leading to escalating demand; escalating costs of the satisfaction of health care demand

*Table 1: Contemporary Pressures on the Welfare State*

As this table serves to indicate, pressures on European social models pull by no means exclusively in one direction. The relationship between welfare states and labour markets in contemporary Europe is a complex, changing and, above all, contingent one. As such it is subject to political contestation. Moreover, it is one in which perceptions and, above all, misperceptions about globalisation play a crucial role. If we are then to assess, evaluate and understand the process of welfare and labour market reform currently underway, it is crucial that we move from a conception of globalisation as a fixed, inexorable and immutable external constraint, to one which acknowledges its politically constituted and contingent qualities. The space for alternatives to a neoliberal logic of convergence on a residual/conditional welfare state subordinated to the perceived imperatives of a 'cost competitive' labour market can only expand if we do so.

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## Appendix A: Statistical Annexe

	<i>Government Expenditure (% of GDP)</i>								
	<i>DK</i>	<i>G*</i>	<i>F</i>	<i>IRE</i>	<i>I</i>	<i>NL</i>	<i>SW</i>	<i>UK</i>	<i>EU15</i>
1970	36.1	32.4	33.9	30.1	28.3	36.2	36.8	31.9	31.4
1975	42.4	43.1	35.4	38.8	34.7	45.4	44.6	37.6	35.4
1980	50.8	42.7	42.8	41.4	37.9	51.1	56.8	40.2	41.8
1985	55.2	43.4	49.4	47.4	45.3	53.5	61.1	41.8	45.8
1990	55.5	42.0	46.5	38.5	48.6	51.5	58.4	36.6	44.4 <sup>†</sup>
1995	58.2	46.3	51.0	37.4	49.2	49.0	64.7	41.0	47.6 <sup>†</sup>

*Table 1: Government Expenditure, 1970-95 (% of GDP)*

Source: EC (1996: 190-1, Table 71)

\* West Germany (1970-90); † excluding Luxembourg

	<i>Government Transfer Payments (% of GDP)</i>								
	<i>DK</i>	<i>G*</i>	<i>F</i>	<i>IRE</i>	<i>I</i>	<i>NL</i>	<i>SW</i>	<i>UK</i>	<i>EU15</i>
1970	14.8	15.6	18.1	12.9	13.7	18.2	13.7	10.0	14.5
1975	16.6	21.3	21.6	16.6	17.1	25.3	18.9	13.1	16.6
1980	20.2	20.5	23.2	16.1	17.8	29.8	23.5	13.8	20.0
1985	20.0	20.3	27.1	19.7	20.8	31.4	24.9	15.7	21.7
1990	22.9	21.0	25.6	15.7	21.4	31.0	26.0	12.7	21.2 <sup>†</sup>
1995	26.5	23.0	28.0	16.8	21.2	29.1	31.8	16.0	22.3 <sup>†</sup>

*Table 2: Government Transfer Payments, 1970-95 (% of GDP)*

Source: EC (1996: 174-5, Table 63)

\* West Germany (1970-90); † excluding Luxembourg

		<i>Openness — Imports plus Exports (% of GDP)</i>								<i>EU15</i>
		<i>DK</i>	<i>G*</i>	<i>F</i>	<i>IRE</i>	<i>I</i>	<i>NL</i>	<i>SW</i>	<i>UK</i>	
1994	Imports	26.8	23.1	21.3	49.8	16.1	52.1	24.4	24.1	----
	Exports	31.0	25.8	21.6	66.2	18.2	55.8	28.9	21.1	----
	Total	57.8	48.9	42.9	116.	34.3	107.	53.3	45.2	----
				0				9		
1995	Imports	29.6	25.2	22.2	51.1	17.3	57.1	26.9	24.3	----
	Exports	32.8	28.5	23.2	70.8	19.6	62.6	33.2	21.6	----
	Total	62.4	53.7	45.4	121.	36.9	119.	60.1	45.9	----
				9				7		
1996	Imports	29.1	25.4	22.9	51.7	17.9	58.7	28.1	26.3	----
	Exports	33.1	29.0	23.8	73.0	21.7	62.7	35.7	23.6	----
	Total	62.2	54.4	46.7	124.	39.6	121.	63.8	49.9	----
				7				4		
1997	Imports	31.4	26.7	24.3	56.4	19.7	62.6	30.2	30.3	----
	Exports	34.5	31.0	25.8	81.1	22.6	68.2	38.3	27.8	----
	Total	65.9	57.7	50.1	137.	42.3	130.	68.5	58.1	----
				4				8		

*Table A.2.1: Openness — Imports plus Exports, 1994-97 (% of GDP)*

Source: Calculated from EC (1998 ,various tables)

	Support for EU Membership	
	For	Against
IRL	80	4
NL	77	5
I	69	5
DK	53	19
F	50	13
G	41	13
UK	41	19
SW	32	38
EU15	51	12

*Table A.3.1: Support for EU membership*

Source: EC (1998: 19, Figure 2.2)

	Support for membership of the Single European Currency	
	For	Against
I	83	8
NL	73	23
IRL	68	14
F	68	25
G	51	36
SW	39	50
UK	34	49
DK	34	57
EU15	60	28

*Table A.3.2: Support for membership of the Single European Currency*

Source: EC (1998: 45, Figure 3.2a)

The European social model is a common vision many European states have for a society that combines economic growth with high living standards and good working conditions. Historian Tony Judt has argued that the European social model "binds Europe together" in contrast to the 'American way of life'. European states do not all use a single social model, but welfare states in Europe do share several broad characteristics. These generally include a commitment to full employment, social protections for all