

## Editorial

The previous RECWOWE Newsletters explained the structure of the network and the diversity of our activities. They presented EDACwowe, the Working Paper Series, the training activities and the sustained dialogue between RECWOWE researchers and members of the policy community. This special issue focuses mainly on the research activities within the network, which will eventually result in the publication of books or special issues.

This issue opens with an interview of the coordinators of each workpackage and of the coordinators of the network, offering an overview of the research activities within RECWOWE. The first book resulting from research within the network has already been published in Spanish (*Calidad del Trabajo en la Union Europea. Concepto, Tensiones, Dimensiones*) and in English (*Quality of Work in the European Union: Concepts, Data and Debates from a Transnational Perspective*). Other books are in preparation.

Last December, RECWOWE co-organised a conference on 'The New Welfare State in Europe' that took place at the European University Institute in Florence. The Newsletter editor took this opportunity to discuss the future of the European welfare states and the EU2020 strategy in the making with some of the participating scholars. The results of these interviews can be read on page 7.

The last phase of the network's activity will be centred on the publication of the research results in books or special issues. It will also be rich in dissemination activities, with many workshops, national meetings, dialogue meetings, as well as the fourth annual RECWOWE Integration Week taking place in Nantes in June 2010. As usual, you will find all the details about these events in the 'Conferences/Workshops' section of the Newsletter.

Denis Bouget and Bruno Palier

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## 1- RESEARCH ACTIVITIES WITHIN RECWOWE: STATE OF THE ART

Three years into the network's life, the coordinators of each workpackage tell us more about the research conducted within their strand.

**Q1: How would you summarise RECWOWE's life course and the developments of its scientific activity?**



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**Denis Bouget & Bruno Palier (DB & BP),** RECWOWE general and scientific coordinators: The network went through the mid term of its life in March 2009 and we are now entering the final two years of its existence. In the first two years, meetings between participating researchers aimed at sharing individual interests, methodologies and doctrinal preferences. In order to prepare future activities, state of the art reports summarised existing knowledge and revealed gaps. Gradually, in a bottom-up process, research topics and interested researchers were organised into workpackages (WPs). Since the network's beginning, cooperation between researchers has improved and research tasks have grown in number: we count as much as 40 new research tasks within RECWOWE. Additionally, numerous thematic workshops have been held outside annual RECWOWE integration weeks in order to discuss research papers: one workshop in 2007, four in 2008 and twelve last year.

The first two years of the network were thus a time for brainstorming and collective research, we are now entering a period during which we will

discuss, publish and disseminate the results of that research.

**Q2: How would you characterise the scientific activities within RECWOWE?**

**DB & BP:** From an organisational point of view, the research topics investigated within each WP have been selected in the course of a bottom-up brainstorming process between the participants of the WPs. Any member could propose a new research project, as long as it was collective, linked to RECWOWE main objectives and took into account certain transversal variables common to every research project carried within the network (tensions, gender, the EU and migrants).

RECWOWE aims at investigating tensions between work and welfare across Europe. Four WPs have been organised around the four main tensions that we've identified at the beginning of RECWOWE activity. Fortunately, the distribution of the members among these four strands of research has been and remains balanced, which means that we didn't have to change it in the course of the network's life.

All research activities are comparative and take into account the variety of labour markets, welfare states and gender regimes within the EU, including their specificities in the new Member States.

The bottom-up aspect, research as a collective process, 'comparativeness' and references to the above mentioned transversal variables have remained the backbone of the network's scientific activity.

**Q3: Did the interdisciplinarity of the network sometimes lead to tensions... between researchers?**

**DB & BP:** RECWOWE is an interdisciplinary network, it gathers economists, sociologists, historians, political scientists, lawyers and comparative social policy analysts. This methodological diversity has been maintained for

each research topic without constraints or rules. This means that many studies use simultaneously statistical (econometric) and qualitative methods (case studies). Additionally, some tasks have been associated permanently or temporarily with external studies, which will continue outside RECOWE.

#### Q4: What are the main research topics of each WP?



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**Jochen Clasen & Giuliano Bonoli**, coordinators of WP01: The activities of WP01 focus on two conflicting demands in societies: flexibility and security. This WP rests mainly on two policy pillars, namely, activation policies stimulating the entry of inactive or unemployed people into the labour market and flexicurity policies as a compromise between mobility and security. There are currently six main research tasks within WP01.

The first project is entitled 'Institutional and Social Aspects of Activation'. This collective study attempts to understand activation, the institutional and social factors affecting ALMPs (Active Labour Market Policies) and the social effects of activation, in particular on vulnerable target groups exposed to statistical discrimination.

A second project entitled 'The Impact of Activation Strategies on Social Citizenship' analyses the institutional and social factors affecting the outcomes of ALMPs and their social effects. The involved researchers have developed two approaches focusing either on certain social groups (migrants, lone mothers, etc.), or on

common issues which are core subjects of activation strategies, such as the tension between universalisation and diversification, or between standardisation and individualisation.

Besides these two conceptual attempts at defining ongoing changes in social rights and citizenship, another group analyses the 'Impact of ALMPs on Employers' Recruitment Decisions'. This qualitative and exploratory study is based on a questionnaire asking European employers to describe the strategies they use when recruiting low skilled employees.

Two other studies analyse the evolution of the security dimensions of social programmes in a more and more flexible world. The task on 'Unemployment Protection – Adapting to Post-Industrial Labour Markets?' seeks to understand the recent developments in unemployment systems across Europe. The current crisis might intensify the consequences of the activation policies already in place, i.e., the extension of benefit *de-differentiation* or the substitution of insurances by public assistance on the one hand, and the risk of *re-categorisation* of recipients on the other hand. These two movements are analysed in a sample of European countries.

Finally, the task titled 'The Politics of Flexicurity in Europe' seeks to respond to the lack of systematic comparative information about the political dynamics of flexicurity reforms. It analyses flexicurity from the perspective of 'tensions' around the development of new mixes of labour market security instruments, analysed on three levels: individual, national and supranational.



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**Barbara Hobson & Trudie Knijn**, coordinators of WP02: The second main objective of the

scientific activity within RECOWE has been the analysis of the tensions in family life, work and care, as seen in WP02. All WP02 studies deal with Work Family Balance (WFB), which goes beyond considering time pressures in daily life or the trade off between time and money in developing strategies for paid and unpaid work. Rather it embraces the tensions between policies, practices and aspirations of parenthood. What all these studies have in common is that they are characterised by a multi-tier approach encompassing the individual/ household level, the firm level, and the national/supranational policy levels.

Studies within WP02 with a specific focus on care within families have highlighted the role of markets, a dimension often ignored in the care literature. The life course is another perspective that is crucial for understanding the tensions between family life, work and welfare and the multi-tier framework applied within RECOWE deepens this perspective. Several studies have applied the capabilities approach to WFB tensions at the individual/household level, to the ability of parents to combine employment within different policy/institutional contexts. These tensions are also analysed in terms of individual capabilities and agency in fertility intentions and decisions. One innovative application of the capabilities approach has been to focus on work organisational cultures, including how statutory provisions on flexibility, part time work and other innovative policies that facilitate WFB are mediated at the firm level.

New conceptual and empirical perspectives have emerged from applying the capabilities framework to WFB tensions. This can be seen in the agency approach to WFB, considering the potential freedom of individual parents to exercise their rights and make choices for WFB - a value that has emerged at European, national and household level - and the constraints such as increased work intensification demands and perceived insecurity. This study developed a set of indicators (the capability set) for analysing agency inequalities in WFB within a European context, summarised in a theoretical model that can be generalised across welfare regimes (see the task 'Tensions between Rising expectations of Parenthood and Capabilities and Agency to Achieve WFB: Pilot Survey Capabilities Instrument'). The capability set formed the basis of a unique survey instrument that was applied in two different institutional contexts, Sweden and Hungary.

Another approach of the WFB (entitled 'Workplace/Organisational Cultures, WFB Policy Innovations and the Opportunities and Constraints for Parents to Achieve a WFB') has gathered data at the managerial level from both the employee and employer perspectives. First, the study analyses top and middle level managers and main decision makers in legislation on working life policies. The second analysis focuses on the right to request a transition between full time and part time work, what are the specific patterns of reversibility offered by companies and how are they linked to WFB.

Another study (called 'A Dynamic Analysis of the Tensions between Work and Family Life in Member States') focuses on the types of tensions caused by the transfer of EU policies to the national policy making level, with a specific emphasis on the relationship between EU policies and National Action Plans. Trudie Knijn and Arnoud Smit have already published an article in *Social Politics* as part of that task ('Investing, Facilitating, or Individualizing the Reconciliation of Work and Family Life: Three Paradigms and Ambivalent Policies').

A key element of WFB is the role of care provision to families and the tensions surrounding that provision. The task 'Tensions Related to Care Work in European Welfare States' highlights the tendency to economisation, consumer choice and marketisation in child- and elderly care in many European welfare states. One of the main concerns with regard to these reforms is their impact on the quality of care provision as well as the tensions they create for care receivers and care workers.

WFB also depends on the life course and the evolution of fertility. The task called 'An Ecology of Life Courses and Associated Resource Flows in the Netherlands, Germany, the UK and Denmark' seeks to develop an overview of the ecology of life courses and associated resource flows in four European countries, in order to evaluate how work and welfare are matched or mismatched, and to identify tensions which jeopardise a good match in terms of resource flows. Another research task, 'Fertility, Female Employment and Reconciliation Policies', seeks to establish the connections between increased labour market flexibility and the presence of reconciliation policies. This task analyses policies aiming at facilitating the combination of family and employment in relation to different fertility regimes across Europe.



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**Ana Guillén & Sonja Drobnič**, coordinators of WP03: Our WP focuses on the tensions between quantity and quality of jobs and works with several central variables, such as quality of work, job satisfaction, job security, reconciliation of work and non working life, and the relation between education and job quality, as well as wage inequalities (including in-work poverty, gender wage gaps, and gendered access to high status jobs).

The first period of activity of WP03 resulted in a book on the quality of work edited by Ana Guillén Rodríguez, Rodolfo Gutiérrez Palacios and Sergio González Begega, published in Spanish by Thomson Civitas (2009) (*Calidad del Trabajo en la Unión Europea, Concepto, Tensiones, Dimensiones*). Its updated version, edited by Anna Guillén and Sverre Dahl has been published in English by Peter Lang (2009) (*Quality of Work in the European Union: Concept, Data and Debates from a Transnational Perspective*). This publication addresses the tensions between the quantity and the quality of jobs by focusing on conceptual and political analyses of work quality, wage differentials and in-work poverty, gender issues as well as workers' direct and indirect representation in the firm and its relation to work quality.

Discussions around these topics inspired new projects on the impact of 'Educational Systems' on production strategies and job quality in the European Union, especially the relationship between (low) skills, educational and social policy reforms and the quality of jobs. The impact of low skills is also analysed in a comparative study on 'The Working Poor in the EU', which focuses on

three issues in particular: the impact of tax systems and fiscal policies; the link between job quality, gender and in-work poverty, as well as the dynamics of in-work poverty.

Social reforms in many European countries have modified the content and the notion of job quality. Therefore, several studies on 'Changes in Job Quality and Work Orientations' have examined various aspects and trends in job quality, as well as tensions between quantity and quality aspects of employment. The task analysing the relationship between 'Job Quality and Tensions between Work and Private Life' has identified and addressed another important aspect of job quality. An initiative explicitly incorporating gender issues in job quality analysis is 'Professional Progress of Women in Europe', which aims to evaluate the presence of women on boards and in top executive positions within the European Union, as well as legal rules and equal opportunity policies.

Recent discussions on job quality raised awareness that it needs to be examined from a legal point of view and prompted a study on 'International and European Legal Norms with Regard Job Quality'. The research group that will work on this task gathers both RECWOWE and non RECWOWE members.

Finally, WP03 has successfully established collaborations with researchers from other WPs. For instance, the impact of some of the characteristics of job quality on activation policies or on the variation of in-work poverty across countries are analysed with RECWOWE members from other WPs. Gender and family arrangements also impact individuals', in particular women's, opportunities in the labour market. And vice versa, working conditions impact family arrangements and WFB.

**Q5: You show that the institutional context is essential. Do you consider that institutions have remained unchanged?**



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**Bruno Palier & Jon Kvist**, coordinators of WP04: WP04 aims at better understanding the (political) tensions created by the various

attempts to reform welfare states in order to render them more 'employment-friendly'. Research within WP04 also aims at investigating and measuring the 'employment-friendliness' of the new welfare state.

A first task, entitled 'New Modes of Governing Activation, Social Benefits and Social Assistance: Bridging the Gap between Welfare and Work', gathers national studies describing the mode of administration of income provision systems for the unemployed, the organisation and provision of activation policies, and discusses the similarities and dissimilarities in and effects of governance reform processes in seven European countries.

The role of social partners in the reform process is analysed in a task called 'Reconfiguring Welfare States in the Post-Industrial Age: What Role for Social Partners?', focusing on the influence of trade unions on industrial agreements in Spain, on health care reforms in the UK, public sector reforms and reconfigurations of the Slovenian welfare state, as well as on ALMP and non-wage aspects of collective agreements in several European countries. This task also analyses the revitalisation of trade unions in Central and Eastern European countries.

The study aiming at 'Establishing Measures for the New Welfare State' encompasses several approaches. During the initial phase, EDACwowe served as a basis for a state-of-the-art of existing data and identified three areas in which there was a particularly pertinent need for new comparable data: social assistance, tax-benefits and public service employment. With regard to public service employment, a group of researchers performed feasibility studies and produced a deliverable on 'Public Employment and Welfare State Services: a Survey of Concepts, Sources and Data'. As regards social assistance, Kenneth Nelson went further by setting up a new SAMIP database, available on his website. Because of the increased diversity of family types and of the demands to investigate the financial standing of other individuals than the average production worker, two studies have developed micro-simulation models. This activity is continued by our Danish colleagues from Odense, who are launching a new and extensive study into the effects of taxation and allowances in an increasingly diversified world.

The EU has had an effect on recent welfare state reforms. The task 'Europeanisation of "employment friendly" national welfare state reforms' focuses on the use of European

resources and constraints in national welfare state reforms. Another research focuses specifically on reconciliation policies in different European countries. These analyses rest on the assumption that the EU is only one of the political actors initiating or supporting reforms, rather than a super power imposing them. The aim is to take heed of the interconnection between the supranational and national levels.

The last task within WP04 focuses on the social outcomes of labour market and welfare reforms. Recent social developments are often described as an increase in inequalities and the economic crisis might worsen the 'dualisation' of European societies. This thesis is not new, given that economists were already talking about dual labour markets in the 1970s and sociologists about the 'decline' of the middle classes in the 1990. However, recent dualisation patterns are different from what was happening in the past. Welfare state reforms, new labour market rules and the reconfiguration of the state-market relationship are all generating new social 'dualisms' and new insider/outsider conflicts. Gender, age, migrant status, ethnicity, and low skills are the main factors at the origin of dualisation processes, which are re-created, strengthened or attenuated by social reforms.

#### **Q6: What has already been published as a result of research within RECOWE?**

**DB & BP:** A book on job quality in Spanish and English has already been published as the result of collaborative research within the network. The 15 papers already published in the 'RECOWE Working Paper Series' are also publicly available on the RECOWE website, which also allows to download numerous RECOWE deliverables. While some of these deliverables have already been published as journal articles, a vast publication campaign will be organised in order to disseminate the books and special issues still to be published. Palgrave will host a RECOWE book series.

## 2– SIX SPECIAL INTERVIEWS FOR A EUROPE AT THE CROSSROADS

**In the context of the economic crisis and of the imminent adoption of a new EU growth and jobs strategy, prominent European scholars interested in work and welfare issues share their insights into the future of European welfare states...**

Last December, at the invitation of Professors David Natali (University of Bologna and OSE) and Giuliano Bonoli (IDHEAP Lausanne), prominent scholars from all across Europe gathered at the European University Institute (EUI) in Florence to discuss the future of the European welfare state. Organised by RECOWE, the EUI, the University of Bologna-Forlì and the IDHEAP, this meeting gave the RECOWE Newsletter the opportunity to have a chat with some of the invitees.



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### **Q1: What were the main reasons for the weak implementation of the Lisbon Strategy objectives?**

The Lisbon Strategy objectives were maybe too ambitious, but I think that the main reason for their weak implementation was often national politics. Indeed, governments operate within constraints which render the pursuit of such long-term objectives difficult or electorally undesirable. Yet, the open method of policy coordination (OMC) is a good practice and should be maintained in spite of its limitations.

### **Q2: What consequences will the current economic crisis have for European welfare states?**

The crisis was not due to the European welfare systems, thus it should not be a priority to change them. Of course, that doesn't change the fact that welfare states need reforms anyway, and that the crisis impacts social policy through increased

unemployment and lower tax revenues. I think that governments should first and foremost avoid past mistakes, and resist the temptation to rely on the reduction of labour supply. Instead, a bigger effort in the field of active labour market policies (ALMP) is needed. ALMP should also be more reactive to changes in the economy and on the labour markets.

### **Q3: What future for European welfare states?**

These are difficult times to make predictions about the future... Before the crisis, we saw some convergence towards a kind of compromise between the Nordic and the liberal welfare models, which combined increased labour market flexibility with bigger efforts in terms of active social policies and investment in human capital. The crisis is reinforcing polarization in politics, and the compromise may not withstand this.



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### **Q1: In the late 90s, you argued that globalisation and the concomitant erosion of power endured by nation states will lead to increasing homogenisation of social policies across Europe and curtailment of welfare payments. Would you agree with critical assessments stating that said curtailment occurred mainly in the countries with more liberal political structures, and far less in the large welfare states of northern Europe?**

Neo-liberalism has never been a coherent political force that could lead to the above described

homogenisation. Indeed, even at the time it prevailed across Europe, neo-liberalism was subject to diverging national interpretations and Scandinavian countries developed a particular form of it. The transition to neo-liberal policy orientations in most European countries was more of a long-standing evolution than a one-off change of scene.

### **Q2: What impact is the crisis likely to have on European welfare states in the near future?**

The recent crisis is the collapse of the financial system as advocated by neo-liberalism. The latter has been so successful because it suited the interests of business élites and policy-makers. It further won over other economic visions because of the success of the Anglo-American economies and of the crisis of Keynesianism. Policy-makers usually do not have time for complexity, they need easy formulas applicable right away. The idea of 'let's have more market' embedded in neo-liberal ideas had enormous appeal for them as such an easy formula.

Now, although the neo-liberal model is in major crisis, the problem is that there is no clear alternative model to provide a similar simple big idea for policy-makers. Also, the powerful financial interests that supported neo-liberalism are still there, their power having been reinforced by the fact that the state has had to reveal its total dependence on them. The danger is therefore real that the most powerful interests, e.g. big transnational corporations playing political roles, will try to patch up the old system. Public money went to the banks and welfare states will now have to suffer the price of it.

### **Q3: What lessons should we learn from the crisis?**

First, that the Anglo-American financial model was unsound and self-destructive. While markets depend on information, the deregulation model encouraged people on the market to ignore information. Besides, banks and financial institutions were confident that the state will save them if need be, which made them even less attentive to facts. The only way out of this situation would be a global regulatory model that will prevent regime shopping. However, regulation on the global scale will only work with the support of all big transnational players.

Second, welfare states should promote active labour market policies and allow people to gain the competences and skills demanded on the labour market. As a general rule, welfare systems should work with the economy and not serve as antidotes to market failures. The move towards 'social investment' will however probably happen only in the North-West, not in Central and Eastern Europe.



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### **Q1: In 2005, you wrote that what differentiates Europe from the US is our deep belief in solidarity. Is such a claim still valid in light of the recent trends in social protection reform?**

In general I believe that the political cultures of the EU and of the US are still noticeably different as regard the role of the state and the value attached to cohesion and solidarity. There are however some indicators that point towards a possible reduction of this cultural gap. The 2006 wave of the World Values Survey, for example, posed questions on a number of social issues. The mean score of US respondents to a question on income inequality (good or bad) was not so distant from that of the big EU countries, and more Americans than Poles said that income inequality is 'a bad thing', while less Germans than Americans agreed with the statement 'the government should provide for its people'. On the other hand, many more Americans than Europeans said that 'competition is a good thing' (this was before the financial crisis, some Americans may now think differently...). In the EU, migration is indeed posing increasingly serious threats to cohesion and solidarity, not only at the cultural, but also at the political level. Avoiding the formation of a new divide and containing the stratification effects of citizenship rules is a top priority for the EU. In some countries (e.g. Southern Europe), the high number of illegal immigrants is giving rise to a new *lumpenproletariat* living in despicable conditions and lacking the minimum pre-conditions for exercising some form of 'voice' to improve their life chances. For them, 'exit' is not an option because it would mean returning to countries of origin that offer no economic or political opportunities.

### **Q2: What (concrete) lessons should we learn from the current economic crisis for the design of the EU 2020 (post-Lisbon) Strategy? Isn't**



**there a contradiction between the restrictions imposed by the EU on the role and size of state investment/state aid on the one hand, and the demands for more state intervention in order to remedy the failures of the market economy on the other, requests that have arisen with even more force in the context of the current crisis?**

I think that the so-called 'exit' strategy (i.e. the gradual termination of the financial stimulus prompted by the crisis and the return to sound public finances) should be paralleled by some sort of 'entry' strategy through which the EU and national governments step up the transition from the old Fordist welfare state to the new 'social investment state'. The Lisbon strategy has been effective in elaborating the agenda for this transition and in prompting some first moves, but actual progress is very slow, especially in certain countries. I trust that the forthcoming Spring Council will confirm EU's commitment to move in this direction. The Barca Report on the reform of the cohesion funds contains some very interesting proposals that I hope might inspire the overall strategy of the EU in the next ten years.

**Q3: How to strike a balance between the pursuit of economic objectives (and related aspects of EU integration - deregulation, freedom of movement, non-discrimination ... - what you call the logic of 'opening') and the logic of 'closure' being the base of national welfare states?**

Striking the balance will not be easy and we should not be too demanding: to put it in the language of neo-institutional theory, political orders are always based on 'imperfect integration' among different institutional spheres (here, the internal market is one such sphere, while the nation-based welfare systems are another) and always searching for (new) ways to contain the negative consequences of such imperfect integration, struggling at the same time with the challenges posed by changing external environments. I think the priority should now be to find a more robust and effective anchor for the nation-based welfare state within the EU constitutional framework. The Lisbon Treaty provides a number of promising tools for this 'anchoring' exercise. What is needed now is purposeful agency at the national and EU levels to creatively use such tools with a view to protect national solidarity spaces while not jeopardizing the functioning of the single market or challenging the fundamental principles of free movement and non discrimination.



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**Q1: Human and social capital issues have been addressed only superficially in the Lisbon Strategy and during recent debates around the future EU2020 Strategy. Do you find it problematic?**

The Lisbon Strategy originally included some minimal attention to the human capital dimension and that was strengthened in the Kok report conducted for the mid-term review of 2005. For the moment, it seems that human capital is falling by the wayside in the draft of the future EU2020 Strategy as recently presented by the Commission. This raises a much larger issue about ensuring that the EU2020 strategy continues to rest on the recognition that there is a link between social and economic innovation. Good economics does depend on good social policy.

**Q2: Access to publicly (co-)funded, good quality and affordable childcare is one of the aspects of the 'social investment perspective'. Is an EU-level binding initiative on childcare conceivable and/or desirable?**

The Barcelona 2002 targets do exist. I think, however, that the problem is not that they are 'non-binding'. Many Member States (MBS) already meet the target levels. What is problematic is the quality of the care offered. The Barcelona targets say nothing about quality – whether services should be educational or simply babysitting; whether there should be regulations about programme as well as health and safety, and so on. Nor do they set any targets about affordability. The 'social investment perspective' insists on the quality of childcare, speaking of early childcare *and education* as an important aspect of individuals' overall education. As

childcare experts have been insisting for years, and certainly since the Task Force studies undertaken for the Commission in the 1990s, numbers do not always sufficiently capture the differences in childcare provision across Europe: we have to distinguish between good and bad quality care, and take into account whether the existing childcare is affordable.

**Q3: A common criticism of the 'social investment perspective' is that it is a harmful transposition of an economic concept into the social realm: it has been strongly criticised for treating people as market goods. How would you answer such criticisms?**

The 'social investment perspective' is a metaphor, it tries to convey the idea that people are as important as goods and services and puts a strong emphasis on the future, for example by aiming to prepare today's children to a good school-work transition in the future. Of course, this perspective could be criticised. When confronted with families living in poverty, 'social investment' might insist more on providing the children with appropriate education, in order to allow them to exit the cycle of hereditary poverty, rather than with immediate help in lifting those children's parents from the poverty they are in. Another danger linked with the 'investment' metaphor is that the difficulties individuals encounter, for example discrimination in the labour market, will be interpreted as their own fault.

**Q4: What lessons for the future should we learn from the current economic crisis, in particular when designing the EU2020 Strategy?**

A crisis always challenges existing policy choices. The danger of this crisis was for decision makers to fall back on policies aimed at protecting the 'male breadwinner' and to prioritise traditionally male jobs, by protecting industry, without regard to the fact that the most vulnerable workers are those in the service sector. France and Germany invested a lot in saving their industries, despite the fact that the latter account only for around 20% of the total employment. The crisis challenges decision makers' support for 'social investment' policies. There was a real danger of a return to simple-minded and old-fashioned supposedly 'Keynesianist' choices that do not take into account the way the world has changed – whether we think of economies, families or gender relations – since the 'high Keynesianism' years after 1945. Now that things seem somewhat stabilised, it is time to think coherently about goals and policies for a future in which the social is again on the agenda.

**Q5: How to strike a balance between the pursuit of economic objectives (and related aspects of EU integration – deregulation, freedom of movement, non-discrimination, etc., what Maurizio Ferrera calls 'the logic of opening') and 'the logic of closure' being the foundation of national welfare states?**

Mobility has always been one of the bases of EU integration. The challenge is thus to ensure that social benefits can be portable as workers move from country to country, as well as ensuring that they can count on similar levels of services across Europe. Of course, this cannot be a 'race to the bottom', but must involve establishing a basic social citizenship package across the Union. In some Member States, social protection is not up to European norms. Should that diversity also be protected? In today's Europe of mobile workers, simply trying to 'protect national sovereignty' could actually run counter to ensuring high-end welfare systems.



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**Q1: How would you explain the relatively weak implementation of the social objectives of the Lisbon Strategy?**

Why would such a strategy be a success in the first place? It was more a wish list than a realistic political roadmap. It wasn't really in synch with the domestic priorities of all Member States. Of course, it did reflect the priorities of some countries (namely the Netherlands), but many Member States later pursued political agendas that departed from the Lisbon objectives, or inevitably fell short of them. This Strategy aimed at reconciling diverse national priorities but, while it worked at the level of EU consensus building, it proved difficult to implement at the national level. There were no clear mechanisms to implement it, the new modes of governance that it introduced could not necessarily

influence the real worlds of policy-making in the Member States, and there were no sanctions for non-compliance. That is the reality of so-called 'soft law' in the EU setting.

National administrations also remained relatively wary, perceiving the Strategy as an attempt by the Commission to gain more influence over domestic policy-making. There was no concrete weakness to the Lisbon Strategy as such; it is just impossible to obtain better results simply by deploying this kind of 'soft law' instrument.

## Q2: How would you assess the efficiency of the OMC?

British politicians most obviously supported the OMC precisely because they weren't afraid that it would strongly impact social policy making. Other countries, whose policy inclinations were in line with the OMC, could simply continue to do what they were already doing. Others still could sign up and be seen as 'good citizens', because they knew they were engaging in 'cheap talk', and no one would hold them to their stated intentions.

The OMC seems to be mostly a rhetorical exercise through which EU institutions try to influence national reality. It is a way for the Commission to circumvent national opposition and push policies through the back door, most importantly by changing the terms of national debates, alongside other strategies for influencing Member State political agendas such as promoting national advocacy coalitions in favour of Commission policies.



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**David Rueda** is Professor of Comparative Politics at Oxford University. His current research focuses on the relationship between government partisanship and economic policy in industrialised democracies; he is also interested in inequality politics and the influence of institutional configurations over political and economic outcomes. He is the author of *Social Democracy Inside Out: Government Partisanship, Insiders, and Outsiders in Industrialized Democracies* (2007), in which he argues that the working class should not be considered as a unified group anymore: insiders and outsiders support different policy options, and European social democratic

governments have strong incentives to defend the interests of the former.

## Q: What impact is the crisis likely to have on Member States social situations and welfare states? Will it reinforce dualisation?

The effectiveness of the welfare state is contingent upon its financial sustainability, in the sense that it will fulfil its functions only as long as there will be money for it to do so. However, the emphasis on activation and conditionality, particularly in some countries, is problematic in times of crisis.

We do not know yet if European welfare states have been successful in counteracting the negative effects of the crisis, because we do not have a complete image of its social impact. What we know for sure is that during previous recessions, welfare states have been effective in counteracting the effects of unemployment and of income inequality. That's why I believe that limiting public debt should not be overemphasized. It would be a mistake for the EU to prioritize budgetary austerity at the cost of ignoring the unemployment problem: short-term budget issues are not as important as limiting the long-term consequences of unemployment.

Social dualisation will increase as a consequence of the crisis: the problems outsiders already face will only worsen. That's why crisis times are such a big challenge for left-wing parties who aim at protecting outsiders.

This crisis would be a perfect opportunity for a structural change of EU welfare systems, but there is no evidence that this is what is happening, at least not in some European countries, where governments, left-wing parties and unions seem to care more for insiders.

### 3- NEWS FROM THE NETWORK

#### CONFERENCES/WORKSHOPS

For more information on all RECOWOE events:  
<http://www.recwowe.eu/>

##### – PUDIAC Meeting

**'Social dialogue in times of crisis'**  
**Organiser: European Social Observatory (OSE)**  
**Brussels, Belgium, 11 March 2010**

In the framework of the activities of the RECOWOE Publication, Dissemination and Dialogue Centre (PUDIAC), the OSE organises a public debate with

Professor **Waltraud Schelke**, Senior Lecturer in Political Economy, London School of Economics and Political Science (LSE) and RECOWOE

Professor **Lowell Turner**, Professor of International and Comparative Labour and Collective Bargaining, Cornell University

Professor **Jean De Munck**, Professor of Sociology, Catholic University of Louvain (UCL) and CAPRIGHT

Professor **Maarten Keune**, Amsterdam Institute for Advanced Labour Studies, University of Amsterdam (UvA)

[More information on this public debate on the RECOWOE website](#)

##### – Hungarian National Exchange Meeting

**'Child bearing and work-life balance in Hungary and Europe'**  
**Organisers: The Institute of Sociology of the Hungarian Academy of Science**  
**Budapest, Hungary, 18 March 2010**

This meeting will focus on the relationship between fertility on the one hand, and female employment and reconciliation policies on the other hand, in relation to Hungarian researchers' contributions to RECOWOE. The Hungarian public will be introduced to the European Network of Excellence RECOWOE and its key policy messages.

[More information on this meeting on the RECOWOE website](#)

– **RECOWOE Annual Integration Week**  
**Organisers: RECOWOE and the Maison des Sciences de l'Homme Ange Guépin**

**Nantes, France, 8-12 June 2010**

Registrations are open at [recwowe.week@univ-nantes.fr](mailto:recwowe.week@univ-nantes.fr)

##### – RECOWOE/ESPAnet Summer School 2010

**'Tensions between work and welfare: balance and future prospects at the dusk of the Lisbon Strategy'**

**Organisers: RECOWOE, the University of Oviedo and ESPAnet**  
**Oviedo, Spain, 20-28 July 2010**

This summer school targets PhD students who started or are about to start a project related to welfare and labour policies in Europe and/or to the renewal of the Lisbon Strategy. Discussed topics will include the comparative analysis of welfare state and labour market reform/adjustment, EU activities in the social policy field, tensions between work and family life, quality vs. quantity of jobs, current challenges for pensions and health care systems, the social and labour market aspects of migrants' integration, income mobility and economic inequality, the role of collective bargaining in work-welfare reconciliation and the impact of the crisis.

Applications should be submitted at [gonzalezsergio@uniovi.es](mailto:gonzalezsergio@uniovi.es), until **10<sup>th</sup> May 2010**.

[More information about this Summer School on the RECOWOE TAC website](#)

##### – RECOWOE Doctoral Workshop

**'The politics of employment-friendly welfare reforms'**

**Organisers: RECOWOE TAC, Sciences Po Paris**  
**Menton, France, 28-30 October 2010**

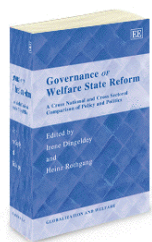
The 2010 RECOWOE Doctoral Workshop will be devoted to 'employment-friendly' welfare reforms that became central to social protection policy agendas over the last decades: welfare reforms aimed at increasing employment rates for older

workers and women, work and family life (re)conciliation, investment in education and training, non-wage costs reduction, etc. This workshop is aimed at PhD students with comparative projects close to the theme of the workshop and at least in the third year of their research.

Applications are to be sent until **14<sup>th</sup> May 2010** at [sara.casella@sciences-po.org](mailto:sara.casella@sciences-po.org)

[More information on this workshop on the RECOWE website](#)

## NETWORK MEMBERS PUBLICATIONS ON WORK AND WELFARE



**Dingeldey, I. and Rothgang, H. eds. 2009. *Governance of Welfare State Reform. A Cross National Sectoral Comparison of Policy and Politics*. Cheltenham: Edward Elgar**

Despite being a major topic in political science, governance has rarely been discussed with regard to social policy or welfare state reform. This book compares different national reform processes (politics) and policy changes in different welfare regimes. Empirical studies (health care, labour market, pensions, education) question whether reforms result in growing convergence or ongoing divergence of welfare states.

[More information on the Publisher's website](#)



**Guillén, A. M. and Dahl, S.-Å. eds. 2009. *Quality of Work in the European Union: Concept, Data and Debates from a Transnational Perspective*. Brussels: PIE – Peter Lang**

This edited volume is the result of a collaborative project among an interdisciplinary team of RECOWE researchers. It examines the current tensions between work and welfare in Europe, with a special emphasis on employment-related issues. Chapters include contributions on the definitions, indicators and measurement of work quality; in-work poverty; the gender wage gap; public services and workers participation.

[More information on the Publisher's website](#)

**Palier, B. Thelen, K. 2009. Institutionalizing Dualism: Complementarities and Change in France and Germany. *Politics & Society*, 38(1), pp. 119-148.**

This article is, at least partially, the result of the RECOWE task on dualisation. The authors characterise the changes that occurred in the French and German political economies in the last twenty years as the institutionalisation of new forms of dualism, and argue that what gives contemporary developments a different character from the past is that dualism is now explicitly underwritten by state policy.

[Access this article on SAGE's webpage](#)

**Palier, B. Morel, N. and Palme, J. eds. 2009. *What Future for Social Investment? Research Report*, Stockholm: Institute for Future Studies.**

This report gives an assessment of the social investment strategy as pursued in different national contexts and provides concrete examples of how to promote or improve the social investment approach. The contributions analyse the interplay of social, educational and labour market measures adopted across Europe in order to adapt to the requirements of the 'knowledge-based' or 'learning economy'.

[Download the report from the webpage of the Institute](#)

## MOST RECENT RECOWE WORKING PAPERS

**Bonoli, G. 2010. The Political Economy of Active Labour Market Policy. *RECOWE Working Paper*, REC-WP 01/10.**

[Read this working paper](#)

Rodriguez d'Acari, C. Johnston, A. and Kornelakis, A. 2009. The Role of Social Partners in Bargaining over Non-wage Issues across Austria, Greece and Italy. *RECOWE Working Paper*, REC-WP 14/09

[Read this working paper](#)

Bouget, D. 2009. Trends of Social Welfare Systems: from Convergence to Attractiveness. An Exploratory Approach. *RECOWE Working Paper*, REC-WP 13/09.

[Read this working paper](#)

## 4– EUROPEAN NEWS

### – Long-term sustainability of public finances and social protection reforms

Last October, the European Commission has published a Communication and a Report assessing the long-term sustainability of public finances in the EU Member States. This Communication and its companion Report are an update of the similar communication and report published in 2006, following the request of the ECOFIN Council of November 2006, which asked the Commission to prepare a new sustainability report when new common age-related expenditure projections become available in 2009. The 2009 Communication has been issued in the context of the reflection on crisis exit strategies and the EU2020 strategy.

In line with the European Council position, the Communication argues that, after a period of fiscal stimuli that deteriorated most government accounts, 'fiscal policies must progressively be reoriented towards sustainability'. To attain this objective, the Communication suggests important reforms of pension and healthcare systems. It cites encouraging future pensioners to top-up their public pensions with private retirement schemes as one of the reforming avenues, but underscores that the crisis has illustrated 'the risks associated with the shifting of a large share of pension provision to privately-managed schemes, and has reduced the political and social support to implement reforms that leave a large portion of pensions subject to market fluctuations'.

The Communication classifies Member States into categories depending on the degree of long-term sustainability risks they are facing. The first category (**Bulgaria, Denmark, Estonia, Finland and Sweden**) consists of the countries facing a low long-term risk. These Member States undertook comprehensive pension reforms in recent years and their structural fiscal positions

are expected to remain sounder than in most other EU countries.

In **Austria, Belgium, and Germany**, reforms to address rising age-related costs are deemed indispensable. While the long-term costs of ageing are not projected to be high in the 'medium risk' countries (the former three and **France, Hungary, Italy, Poland and Portugal**), the initial budgetary positions in these Member States make their fiscal policies unsustainable even without any increase in age-related expenditure.

Finally, the 'higher long-term risk' group (**the remaining Member States** except Luxembourg) is expected to be confronted with a very important increase in age-related expenditure, compounded in most cases by large initial public finances imbalances. The Communication concludes that in the coming years those countries will have to drastically reduce debts and deficits as well as engage into profound reforms of their social protection systems.

[Read the Communication](#)

### – 2010 Gender Equality Report

In December, the Commission adopted the latest annual Report on Equality between women and men, which looks both at the impact of the crisis on the labour market situation of women and at longer-term challenges in terms of equality. The Report claims that gender equality policies are a long-term investment and a driver of economic growth, rather than a cost Member States should cut back in times of crisis. The document also insists on the fact that gender equality must be a core element of the future EU2020 strategy.

With regard to **the impact of the crisis**, the Report shows that male and female unemployment rates are now increasing at the

same pace, despite an initial phase during which the unemployment rate was rising more rapidly for men than for women. This evolution is attributed to the extension of the crisis to other sectors of the economy than the initially hard-hit male-dominated industry and construction. The Report points to the fact that women are highly concentrated in the public sector, which could result in their being disproportionately affected by jobs losses due to cuts in public finances.

The female employment rate increased over the last ten years to reach 59.1% in 2008, bringing it close to the Lisbon objective of 60%, but, given the fact that in 2008 31.1% of women worked part-time compared to 7.9% of men, there is still a big gender gap when comparing male and female employment rates in full-time equivalents. According to the Commission, the fact that women with children work on average less than women without children is linked both to traditional gender roles and the **insufficient provision of childcare** in many Member States. The Report underscores the fact that 'in countries with favourable conditions for childcare, parental leave and flexible working arrangements, both female employment rates and birth rates are higher'.

### [Read the report and the accompanying Commission staff working document](#)

#### – **Draft Joint Employment Report 2009**

Last December, the Commission published its proposal for what will become, after adoption by the Council, the 2009 Joint Employment Report. The text will serve as the basis for the future EU2020 (post-Lisbon) growth and jobs strategy.

The Report emphasises that despite signs of economic recovery, employment prospects within the EU remain generally unfavourable due to the economic crisis. In particular, 'the rise of **unemployment among young people** has been dramatic in 2009'. Indeed, the document stresses that the growing use of flexible work arrangements and non-standard contracts, especially for the less experienced workers, resulted in them being the first to lose their jobs.

The Report recommends that governments avoid tackling unemployment through encouraging early

retirement. It also advises to modernise public employment services, insists that gender must be more actively mainstreamed in recovery policies aiming at stimulating employment, and draws attention to the fact that gender pay gaps are insufficiently addressed by most Member States. The Report emphasises the need for Member States to improve both **internal and external flexibility** and to simultaneously tackle **labour market segmentation**. Indeed, the document explains that labour market segmentation results in 'flexibility' unevenly spreading across the labour market, 'affecting' mainly workers with fixed term contracts.

As the key challenge for the coming months, the Report identifies the adequate **phasing out of the recovery measures**. According to the Commission, cutting stimulus measures too early could have a negative impact on employment and labour demand, while phasing them out too late could negatively impact medium-term growth, resulting in slower unemployment reduction, low productivity, or an unsustainable budgetary position.

### [Read the Report](#)

#### – **Second European Company Survey**

In December, Eurofound published the preliminary results of its **European Company Survey 2009**, a survey mapping the work practices that European companies are opting for in pursuit of an increased flexibility. Both human resource managers and employer representatives in 27,000 establishments across the 27 Member States as well as Croatia, Turkey and the Former Yugoslav Republic of Macedonia (FYROM) were interviewed in the framework of this survey. The complete results will be published in Spring 2010.

Preliminary results show that the most common 'flexibilisation' measure is working time flexibility. Indeed, more than half of the surveyed companies with ten or more employees were using some form of flexi-time arrangement, which represents a substantial increase compared to the situation in 2005 (at the time of the previous survey).

### [Download the preliminary results](#)

## 5– ALREADY PUBLISHED IN THE RECWOWE WORKING PAPER SERIES

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[The political economy of active labour market policy](#)

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