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Enabling Social Policy

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The Europäische Akademie

The Europäische Akademie zur Erforschung von Folgen wissenschaftlich-technischer Entwicklungen GmbH is concerned with the scientific study of consequences of scientific and technological advance for the individual and social life and for the natural environment. The Europäische Akademie intends to contribute to a rational way of society of dealing with the consequences of scientific and technological developments. This aim is mainly realised in the development of recommendations for options to act, from the point of view of long-term societal acceptance. The work of the Europäische Akademie mostly takes place in temporary interdisciplinary project groups, whose members are recognised scientists from European universities. Overarching issues, e. g. from the fields of Technology Assessment or Ethic of Science, are dealt with by the staff of the Europäische Akademie.

The Series

The series “Wissenschaftsethik und Technikfolgenbeurteilung” (Ethics of Science and Technology Assessment) serves to publish the results of the work of the Europäische Akademie. It is published by the academy’s director. Besides the final results of the project groups the series includes volumes on general questions of ethics of science and technology assessment as well as other monographic studies.

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Preface

The Europäische Akademie is concerned with the scientific study of the consequences of scientific and technological advance for the individual, society and the natural environment. It intends to contribute to find a rational way for society to deal with the consequences of scientific progress, by proposing recommendations for options of actions with long-term social acceptance. The work of the Europäische Akademie mostly takes place in temporary interdisciplinary project groups, whose members are recognised scientists from European universities and other independent research institutes.

The study at hand is the result of the Europäische Akademie's project group 'European Social Policy', in which experts coming from different European countries and representing various disciplines – economics, law, sociology, political science, philosophy – worked for more than two years on the multifarious aspects of the topic, providing a thorough analysis and a series of comprehensive recommendations for policy making.

In the light of the recent enlargement of the European Union, the ever contended issue of a European social policy gets of increasingly pressing importance. The differences between member states are widening, the international competition grows within the Union as well as between the EU and its global competitors, the further economic integration restrains the scope of national decision-making. These developments aggravate the tension between the pressures national welfare systems face and the distribution of competences between the national and the supra-national level of governance in matters of social policy. The twofold question arising from this situation is on the one hand how *European*, and on the other how social European social policy should be in the decades to come. 'Enabling Social Europe' is an attempt to answer the question in both regards. Firstly, by assessing the role a European policy should play taking into account both the potentialities and limitation of the 'European social model' as a normative framework as well as the relations between economic and social policies and the future challenges of the European welfare systems. Secondly, by advocating the paradigm of the 'enabling welfare state' as a new perspective for social policy aimed at raising the personal autonomy, individual responsibility and social inclusion of people and at enabling them to manage and balance their life courses in a better way.

I would like to thank the members of the project group Dr Katja Borchart, Professor Dr Klaus-Dirk Henke, Professor Dr Ruud Muffels, Profes-

sor Dr Michael Quante, Professor Pirkko-Liisa Rauhala, PhD, Dr Gert Verschraegen, Professor Dr Maciej Żukowski, and in particular the chair Professor Dr Bernd von Maydell and the project coordinator Dott Rupert Leitner, for their commitment and the excellent work in this study. Special thanks is due to Friederike Wütscher for the editorial work in preparing the text for print.

Bad Neuenahr-Ahrweiler, November 2005

Carl Friedrich Gethmann

Foreword

The term European social policy has become a polarising item of contention. On the one hand, a social policy framed by the European Union is feared to pose a threat to national social and labour market policies; on the other, the absence of the Union's clearly defined competences in this field is held responsible for the citizen's lacking identification with the Community. Both of these – mutually contradictory – lines of argumentation have been invoked to explain the rejection of the Constitutional Treaty by the citizens of France and the Netherlands. Presumably, controversial statements on European social policy also have to do with the different understandings of the term. The need to clarify an issue of such elementary significance to the further development of the European Union was no doubt one of the reasons for the Europäische Akademie in Bad Neuenahr to entrust an interdisciplinary project group with the investigation of this problem.

The work commenced in the second half of 2002 with the establishment of a working party which sought to identify questions thought relevant. This was followed by the formation of the actual project group, which did not include all members of the working party. Through their contributions to the discourse, the party members who withdrew enriched the subsequent work of the project group – for which we record our gratitude. Personnel changes also occurred as the project work progressed. Professor Dr Weyma Lübke (University of Leipzig) and Professor Dr Jos Berghman (Catholic University of Leuven) left the group and had to be replaced by new members. With their valuable ideas and contributions, Ms Lübke and Mr Berghman helped map out the path of the project group. Professor Berghman moreover continued to accompany the discussions, notably through his participation in the mid-term meeting of June 2004.

The multifaceted nature of the subject matter was accommodated by the interdisciplinary and international composition of the project group. Its members were recruited from very different regions of Europe and represented various disciplines. From the abundance of possible themes, the group singled out and focussed on a set of specific problems. Thus one task was to deal with a modern conception of social policy whose objectives are perceived as dynamic. This aspect is expressed by the title of the book. Another approach emerged from the diversity of national social systems. In the light of this diversity, one must ask what is meant by the often cited European Social Model and how systemic diversity can be utilised to advance the European Union.

The intensive discussion within the group was facilitated and enhanced through the reliable forum presented by the Europäische Akademie. Of especial importance here was the cooperation of Dott Rupert Leitner, who served as coordinator and, in addition, delivered a substantive input as co-author.

The project group mooted the initial concept and the main points of emphasis in two events that included external colleagues. Besides the project group members, the following experts attended the kick-off meeting in March 2003:

- Professor Dr Klaus-Dirk Henke, Technische Universität Berlin (economics),
- Professor Dr Stephan Leibfried, University of Bremen (social sciences),
- Professor Dr Franz Marhold, University of Graz (legal science), and
- Professor Dr Kieke Okma, Queen's University Kingston (health policy).

Shortly after the kick-off meeting Professor Dr Klaus-Dirk Henke joined the project group. Along with the complete project group and its former member Professor Dr Jos Berghman, the following participants attended the mid-term meeting in June 2004:

- Professor Dr Beatrix Karl, University of Graz (legal science),
- Professor Dr Stephan Leibfried, University of Bremen (social policy),
- Professor Lutz Leisering, PhD, University of Bielefeld (sociology),
- Professor Dr Paul Schoukens, Katholieke Universiteit Leuven (law),
- Professor Dr Ulrich Steinvorth, University of Hamburg (philosophy), and
- Dr Werner Tegtmeier, retired state secretary (economics).

The project group is indebted to all of them. With their advice and critical comments they spurred on our work and rendered it productive.

The completion of the joint project left all members regretful that the intense exchange of thought within the group, in which we had managed to find a common form of expression, was now ending. It is to be hoped that the product of our work will perpetuate the discourse in an expanded circle interested in social policy and European issues.

Sankt Augustin, November 2005

Bernd v. Maydell

List of Authors

Bernd Baron v. Maydell, Professor Dr., born in 1934 in Reval/Estonia, studied law and economics in Marburg and Berlin (Freie Universität). After the two state examinations in law and his doctorate in public international law, he wrote his post-doctoral thesis on civil law ('Geldschuld und Geldwert' – Monetary Debt and Monetary Value), on the basis of which he acquired professorial status in Bonn in the fields of civil law, labour law and social (security) law. Following professorships in Berlin (1974–1981) and Bonn (1981–1992), he accepted the appointment as Director of the Max Planck Institute for Foreign and International Social Law in Munich (1992 until conferral of emeritus status in 2002). The research fields in which Bernd v. Maydell has been engaged range from civil law and labour law to social law, although in recent years his chief interest has been in international and European social law. In addition to his academic publications, Professor v. Maydell participated in numerous national and international bodies. Thus, he belonged to the Permanent Deputation of the German Law Congress (Deutscher Juristentag) from 1990 to 2002, and for over 20 years, he was a member of the Committee of Experts on the Application of Conventions and Recommendations of the International Labour Organisation in Geneva. His expertise in German, foreign and international labour and social law was enlisted by many, often interdisciplinary, expert commissions. For instance, he was a member of the Bundestag Commission of Enquiry on demographic change and took part in a number of task forces dealing, inter alia, with old-age security for women and the harmonisation of Germany's various pension systems. Under the leadership of Professor v. Maydell, the Max Planck Institute in Munich elaborated concepts for the transformation of social security systems in Central and Eastern Europe on the basis of comparative law methodology and was able to verify these concepts in performing actual advisory functions.

Katja Borchardt, Dr., born 1975, studied economics at the Technical University in Berlin, Germany and at the Institut Etudes Européennes in Brussels, Belgium. From July 2000 until middle of May 2005, she worked as teaching and research assistant at the Department Public Finance and Health Economics chaired by Prof. Dr. Klaus-Dirk Henke. Since May 17th, 2005, she started working for the German Pharmaceutical Association as Head Affairs, Health Policy. She worked as teaching assistant in Public Finance, Economic

Policy and Health Economics. Borchardt's main research area is the analysis of social security systems, with a special focus on health care systems, migration of health professionals, social policy in the EU and EU health policy. Her doctoral thesis in 2005 is about 'The migration of physicians from and to Germany – an empirical and theoretical approach' and will be published in autumn 2005. Working as teaching and research assistant Borchardt contributed to a number of different research projects at the Department. During summer 2004, she stayed for a research period in Copenhagen at the World Health Organisation, Regional Office for Europe working on migration of health professionals in the European region.

Klaus-Dirk Henke, Professor Dr., studied economics and social sciences at the University of Cologne, Germany, and at the London School of Economics from 1963 to 1968. After studies at the University of Michigan, Ann Arbor, USA, he received his doctoral degree from the University of Cologne in 1970. From 1970 to 1976, he held assistant professorships at the Universities of Cologne and Marburg and was visiting scholar at the Brookings Institution, Washington, D. C. He received his habilitation from the University of Marburg in 1976. From 1976 to 1995 he held a professorship for economics at the University of Hannover, Germany. He was visiting professor at the University of Vienna and the University of Bristol. Since 1995, he is Professor of Economics (Public Finance and Health Economics) at the Technical University of Berlin. From 1996 to 2000, he has also been director at the European Centre for Comparative Government and Public Policy, Berlin. Professor Henke received scholarships from the German Academic Exchange Service (DAAD), from the German Ministry of Foreign Affairs, and from the German National Science Council. From 1987 to 1998, Professor Henke was a member of the Advisory Board for the Concerted Action in Health Care in Germany of which he was Chairman from 1993 to 1998. Since 1984, he has served as a member of the Advisory Board to the German Ministry of Finance. From 1989 to 1991, he was president of the European Health Care Management Association. Professor Henke is editor of the book series *Europäische Schriften zu Staat und Wirtschaft* (since 1999) and of the *Journal of Public Health / Zeitschrift für Gesundheitswissenschaften* (since 1993).

Rupert Leitner, Dott., born 1966 in Brixen/Italy, studied business economics at the Università Commerciale "L. Bocconi" in Milan and at the York University in Toronto. In 1995, he graduated in business economics with a thesis on the recycling problem of complex mass products investigated with reference to the automotive sector. After graduation, he was research assistant and lecturer at the Department of Business Sciences at the University of Applied Sciences in Merseburg. At the same time, he began his studies of philosophy, sociology and psychology at the Fern-Universität in Hagen. Dott. Leitner

worked as management consultant with the Accenture GmbH in Hamburg before joining, in 2002, the Europäische Akademie GmbH in Bad Neuenahr-Ahrweiler. As a member of the scientific staff there, he is coordinating the project group 'European Social Policy' and preparing for graduation in philosophy at the University of Duisburg-Essen. The topic of his thesis is the interrelation between ignorance of and responsibility for consequences of technological innovation. Besides his research activities, he was teaching business administration at the University of Applied Sciences in Remagen.

Ruud Muffels, Professor Dr., is Professor of Socio-Economics (labour market and social security science) at Tilburg University (NL). He is also director of the Tilburg Institute of Social and Socio-Economic Research (TISSER) and one of the research directors at the Institute for Labour Studies (OSA) at Tilburg University. In 2005, he also became a fellow at the NETSPAR research Institute at the Economic Faculty. He has been involved in a large number of comparative research projects for the European Science Foundation and the European Commission on income distribution, poverty, comparative analyses of European welfare states, social protection and ageing. His primary interests concern labour market economics, income dynamics, comparative analysis of the welfare state, panel methodology and socio-economic policies. Professor Muffels has published in a wide range of socio-economic and interdisciplinary journals (Journal of Population Economics, Social Indicators Research, Journal of Public Policy, Journal of Socio-Economics, Journal of European Social Policy, Vocational Training, Acta Sociologica, and others) and in a large number of international academic volumes. Among his recent (English) books are 'Social Exclusion in European Welfare States' in 2002 (with P. Tsakloglou and D. Mayes, Edward Elgar, 2002), 'Solidarity and Care in the European Union' (with R. ter Meulen and W. Arts, Kluwer Academic Publishers, 2001) and 'The Real Worlds of Welfare Capitalism' in 1999 (with Robert E. Goodin and Bruce Headey, Cambridge University Press, 1999).

Michael Quante, Professor Dr., studied philosophy and Germanistik (German language and literature studies) in Berlin and Münster, where he passed his 1. state examination in 1989 and was conferred a PhD in 1992. From 1993 to 1995, he was a fellow in the DFG (German Research Council) research project on 'Ethical Aspects of Organ Transplantation' and was awarded a habilitation scholarship from the DFG in 1995. From 1996 to 2001, Professor Quante was scientific assistant at the department of philosophy of the Universität Münster and qualified as university lecturer in 2001. From 1993 to 2001 he was a permanent guest lecturer at the department of design of the University of Applied Sciences in Münster. Since 2004, Professor Quante has been Professor for Practical Philosophy at the Universität Duisburg-Essen, and since autumn 2005 at the University of Cologne. His areas of research combine his-

torical and systematic questions on the one hand and cover both practical and theoretical philosophy on the other hand. He has done research on German Idealism (especially G.W.F. Hegel), Philosophy of Mind (especially theory of action and personal identity), ethics, meta-ethics, social philosophy and biomedical ethics. Besides, he is the author of books on Hegel, the ethics of organ transplantation, personal identity and ethics. Furthermore, since 2004 Professor Quante has been co-editor of the journal “Ethical Theory and Moral Practice” and since 1996 member of the Akademie der Ethik in der Medizin (AEM).

Pirkko-Liisa Kristiina Rauhala, Professor PhD, born 1951, studied social policy and public health sciences at the University of Jyväskylä, and at the University of Tampere, Finland. Her habilitation thesis was on ‘The Development of the Social Care Services in Finland.’ As a member of a Scandinavian study group she studied the gender as a factor of social care services. During the years 1997–2001, Professor Rauhala was a senior researcher and vice-leader of the welfare research group at the National Research and Development Centre for Welfare and Health, Helsinki, Finland. Her study interests have focused on the Beveridgean social policy, on local social policies and social care, and she has published analyses concerning the development of the immaterial social protection. The social development of the Baltic Sea region is emphasised in her research work, too. Since 1998, she is senior reader of social policy at the University of Helsinki, and since 2001 university lecturer of social work at the University of Helsinki. Since 2001, she holds a Guest-professorship of Social Policy and Social Work at the University of Tartu, Estonia. Professor Rauhala is member of the Welfare Research Committee of Nordic Council of Ministers (2001–2006), and acted as a reader and guest-editor of the Haworth Press Inc., New York. She is publishing fiction essays, too, and in 1999, she was invited as a member of the Finnish Literature Society.

Gert Verschraegen, Dr., born 1973, studied sociology, philosophy and political economy at the Universities of Leuven (Belgium) and Hull (Great Britain). He received a Phd in the social sciences (2000) from the University of Leuven, where he is currently appointed as a postdoctoral fellow of the Research Foundation Flanders (FWO-Vlaanderen). From 2002 to 2003, he was assistant professor at Ceps/Instead (Luxemburg). Dr. Verschraegen’s main research areas are international and comparative social policy, sociology – especially sociology of law and human rights – and political theory. Dr. Verschraegen wrote several publications in these areas and is the co-editor of ‘Rawls. Een inleiding in zijn werk’ (2002); ‘De verleiding van de ethiek. Over de plaats van morele argumenten in de huidige maatschappij’ (2003), ‘Internationale Rechtvaardigheid’ (2005) and ‘Between Cosmopolitan Ideals and State Sovereignty: Studies in Global Justice’ (2006). He is currently working on a co-authored book on the post-war development of the Belgian welfare state.

List of Authors

Maciej Żukowski, Professor Dr., born 1959, studied economics at the University of Economics in Poznań, Poland, where he is currently Professor for Economic Sciences, holding a chair in Labour and Social Policy. Since 1996, he also holds a professorship in banking at the University of Applied Sciences of Banking (WSB) in Poznań. Professor Żukowski's main research area is the analysis of social security systems, with a special focus on old-age security systems, labour market, labour migration, social policy in the EU and in the transforming countries. His doctoral thesis in 1991 was on 'The Relationships between Pension- and Labour-Income and their Determinants – in Poland, the Federal Republic of Germany and Great Britain.' His translation into Polish of Nicholas Barr's textbook, 'The Economics of the Welfare State' was published in 1993. In addition to several other research appointments abroad (among others at the Vienna University of Economics and at the London School of Economics), from 1994 to 1996 Professor Żukowski was engaged at the Centre for Social Policy of the University of Bremen. There, as a scholarship holder from the Alexander-von-Humboldt-Foundation, he worked on his postdoctoral thesis on the subject of 'Multi-Tier Old-Age Pension Systems in the European Union and Poland. Between State and Market.' In 1997 he qualified as a university lecturer in economic sciences and was awarded a year later a first grade individual research prize from the Polish Minister of Education for his book.

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Executive Summary

With the recent enlargement of the European Union, the ever-present issue of whether there is a need for a European social policy will be debated even more. Disparities between member states are widening, international competition within the Union as well as between the EU and its global competitors is growing, and the road to further economic integration is restricting the scope for national decision-making. These developments aggravate the pressures national welfare systems have to cope with and question the distribution of competences between national and supranational levels of governance with respect to social policy. The twofold question arising from this situation is, on the one hand, how *European* and, on the other, how *social* European social policy should be in the decades to come. The study 'Enabling Social Europe' is an attempt to answer the question in both regards.

This book is the result of a research project on the challenges and future of European social policy undertaken by the Europäische Akademie in Bad Neuenahr-Ahrweiler from fall 2002 to spring 2005. The interdisciplinary project group consisted of experts coming from various European countries and active in the fields of economics, law, sociology, political science and philosophy. The study objectives were to assess the groundwork and scope for national and European social policy in the coming decades with a view to the pressures and challenges member states face in the wake of the aforementioned contextual developments. Its aim is to provide a thorough analysis of the relationship between national and European social policy, culminating in a number of more or less far-reaching recommendations for policymaking and policy actions.

The study consists of four parts. Part one gives a general overview of social policy in Europe in the 21st century. It begins with the historical development of the various social structures in Europe, going on to outline the problems and challenges confronting them today. Subsequently, it describes the ethical foundations of the 'European social model', eventually leading up to the paradigm of the 'enabling welfare state' as an innovative approach to social policy in Europe. Part two investigates the significance of the European Union: first, as a framework for national policies, which are influenced by changes in migration, labour market and employment patterns, and by the process of economic integration and supranational legislation; and second, as an agent for social policy. Part three analyses four important areas of

social policy – health care, old-age security, family policy and poverty prevention – by conducting comparative case studies of pairs of countries belonging to different welfare regimes: Germany and the United Kingdom, Poland and Germany, Finland and Estonia, Belgium and Denmark. The case studies are aimed at: the comparison of regimes and practices, thus seeking to gain more insight into the potentialities for designing ‘enabling’ policies; the relevance of policies at the Union level compared to the national level; and the interactions between nation states, especially with regard to policy learning and coordination. Part four brings together the conclusions of the previous analyses and assesses the potential added-value of the paradigm of the ‘enabling welfare state’ for the modernisation or renewal of social policy in Europe. Accordingly, the study ends with recommendations for strategies of action and instruments for the renewal of social policies at Union and nation-state level, with a specific view to the investigated policy areas.

Social Policy in the 21st Century

The first chapter of part one gives a synopsis of the development of national welfare institutions in Europe from their origins in the nineteenth century up to their current state in today’s Europeanised and globalised environment. In doing so, some key ideas and concepts, which are then referred to throughout the rest of the book, are likewise identified in a socio-historical context. Finally, the present routes of social policy development in the European Union are discussed along with the most pressing challenges confronting such a policy.

European welfare states emerged in the last third of the nineteenth century as a consequence of the so-called ‘social question’. The Industrial Revolution had led to the formation of a working class whose incipient organisation was starting to threaten the political predominance of the elites, thereby leading to a growing involvement of the state. In that setting, the welfare state pursued a number of diverse goals. Thus it attempted to coordinate social and economic policy by adjusting the primary distribution of income by means of a state-sponsored form of secondary distribution. At the same time, the socialisation of risks and the enhancement of income security for workers aimed to increase the legitimacy of the state and safeguard the social order and political stability. The welfare state was also a project of nation building and inclusion: nation-wide solidarity was institutionalised by defining the rules and conditions for entitlements to new social rights and by linking them to citizenship.

After World War II, social policy turned from a workers’ policy into a general (re)distributive policy. The expansion of the social welfare system in post-war Europe was driven by four main factors: (i) the progressive extension of coverage under welfare state benefit schemes and of services to the entire population; (ii) the broadening of the income protection function to cover risks endured over the entire life course; (iii) the growing size of the

welfare state and the enhanced role of the state acting as an employer; and (iv) the shortening of employment spells over the entire life course.

Looking at those trends in welfare state development from the perspective of today's pressures and challenges, it is clear that by now – actually, from the beginning of the nineteen-seventies – these trends seem to have reversed as limits to growth and expansion have become more relevant, if not decisive. Today, welfare systems are challenged from many sides. Growing international competitive pressure resulting from the acceleration of economic globalisation, with the ever-closer integration of financial and product markets, affects welfare states worldwide because their systems of taxation and regulation heavily impact the international competitiveness of their economies. Developments towards post-industrial service economies with declining rates of productivity growth do not only transform the general potential for economic growth, but also reconfigure the distribution of income between different business sectors. The ongoing extension and accelerated pace of innovation in information and communication technologies alter the requirements for occupational qualifications, leading to an increasing and continuous demand for higher education and life-long learning. Persistently high rates of long-term unemployment – also amongst the young – tighten the financial restraints on social policy in general and demand new, modernised approaches in welfare state policies, particularly in the labour market. Growing levels of migration cause tensions between different ethnic and religious groups in our multicultural societies. The problems of regional differentiation in the EU – with disparities growing both within as well as between nation states, especially after the latest enlargement – question the distribution of competences between national and supranational levels of governance. The aging of society increasingly exerts its influence on all aspects of social policy and especially impacts expenditure on health care and old-age security. Changes in traditional family structures, the rising importance of the dual breadwinner model and growing female participation in the labour market require innovations in employment, family and poverty prevention policies.

If these are the main challenges facing social policy in Europe, then the Europeanisation of social policy – as a dynamic interaction process between national welfare regimes, taking place simultaneously at two levels of governance, the national and the supranational – may be seen as part of the challenges and, at the same time, part of the solutions. It depends on whether the diversity of welfare regimes will prove a hindrance to coordination or rather a source of enhancing competition and policy learning. Which of these two lines will be followed, depends on the different actors involved – the Union, with its economic and monetary policies; the Councils and the European Court of Justice, with their decisions; and the nation states, with their social policy measures and their interaction via the Open Method of Coordination (OMC). It depends on whether they succeed in managing the diversity, in

coordinating the – albeit not formally – overlapping competences, in integrating social and economic policy, and in ultimately building some form of social citizenship in Europe.

The questions raised in the first chapter set the scene for the following analyses. Yet, before the paradigm of the ‘enabling welfare state’ can be advocated as a new approach to a European social policy in response to the depicted challenges, an explication and systematic treatment of the general ethical principles and values underlying social policy in Europe is needed – also to ensure that the innovative perspective does not contrast with these basic prerogatives.

In the second chapter of part one, an attempt is made to critically reconstruct the norms, values and principles which frame the normative self-understanding of social policy in Europe. The thesis put forward concerning social policy is that there is a European consensus on two normative principles: personal autonomy and social inclusion of the individual. (‘Consensus’ here is meant in a broad sense and used as synonymous with ‘common acknowledgement of the basic principles and values.’) In asking how the two principles should be understood, reference is made to the distinction between negative and positive freedom, affirming that the consensus on social policy in Europe relies on the richer and more demanding notion of positive freedom. The capability approach developed by Sen (1999) is referred to as a theory of freedom, which takes into account that state interference primarily seeks to promote and realise those capacities necessary for personal autonomy. Sen’s conception of freedom (1992) allows for an understanding of the state’s role only as an enabling and activating one. However, since human beings can exercise their autonomy only within a community, autonomy is impossible without social inclusion, which requires active participation and recognition just as much as it does material resources. The dynamic aspects of a life-course perspective are integrated into the normative framework by widening the notion of personal autonomy over the temporal structure of a human person’s existence.

Building upon these assumptions, it is possible to further investigate the relationship between the two principles of autonomy and inclusion, on the one hand, and the principles on which a good or just society is built, on the other, thereby asking what that means for the relationship between the individual and the community. With reference to the four models serving as a normative basis for social policy in Europe, namely libertarianism, (weak and strong) moderate liberalism, liberal communitarianism and anti-liberal communitarianism, the European consensus remains underdetermined and only allows for a negative delimitation, excluding the extreme poles of the spectrum. The paradigm of the enabling welfare state does not, however, require a narrower scope of determination at the level of principles. Although in the understanding of the state’s role, (strong) moderate liberalism may best serve as a normative starting point, it is not necessary for the

purposes of this book to decide between moderate liberalism and liberal communitarianism. Since the analysis here is restricted to the level of principles and values, it leaves room for further specifications on the levels of aims and instruments.

Underlying the two principles of personal autonomy and social inclusion, the concepts of subsidiarity and sustainability are regarded only as being of instrumental value. Subsidiarity, when referring to interaction between different levels of governance, is analysed in its twofold significance as an interdiction to interfere and as a duty to ensure. Sustainability becomes an issue in matters of intrapersonal, interpersonal and intergenerational effects of social policy. However, since social policy always has to (re)distribute goods and services between individuals and age groups, a third principle has to be incorporated into the normative framework: the principle of distributive justice. In the light of the principle of justice, other options for the justification of the distribution of goods through social policy, such as informed self-interest and solidarity, appear too weak to pay regard to the sense of obligation actually supported within European societies. Although a basic universal moral claim, the principle of distributive justice in conjunction with social policy in Europe must be specified for contexts of action in order to account for national and cultural differences, and to avoid overburdening individuals and social institutions. Similarly, the tension between universal moral claims and the spatial and temporal limits of a European social policy has to be eased by weighing up the restriction to Europe against the consideration of third countries and future generations.

Given this normative framework, the third chapter of part one focuses on the basic goals and main tasks of an enabling social policy. Compared with the traditional tools of social policy, like income replacement and support but also the 'making work pay' policies of the 'activating welfare state', the paradigm of the 'enabling welfare state' implies a shift to a more preventive logic and a new distribution of responsibilities and roles between different societal actors. As a preventive approach to social policy, it places more emphasis on fostering active participation and enhancing the quality of human capital. Welfare policies have to be designed to 'enable' more people to work by focusing on human investment and skill development. Innovative practices and ideas can give citizens more 'free choice' by opening up opportunities to all and by enabling people to accept responsibility for managing their lives. The life course may be taken as a starting point for defining new routes to social policy through life-long learning and a better reconciliation or tuning of work and private life.

Sen's capabilities approach (1992, 1999) can serve as a conceptual tool for the development of a basic understanding of the principles and goals of the enabling welfare state. Therefore, a brief overview of his theory and its significance to a new social policy approach is given. Sen understands capabilities as opportunities to achieve functionings, as potential options of choice,

as freedoms to get hold of what produces welfare and contributes to well-being. This belief can be translated into a reformulation of welfare policy goals in terms of ‘freedom to act’ instead of ‘freedom from want’, aimed at enabling people – not as passive recipients but as acting individuals – to maintain or raise their human and social capital and to prevent their capabilities from becoming obsolete or redundant. Since Sen’s view is questioned by Dworkin’s (2000) claim for equality of resources rather than capabilities, an attempt is made to integrate both approaches by further specifying the understanding of the state’s and the individual’s role for ensuring capabilities and resources as well as for achieving well-being.

Albeit the welfare state always has taken into account and even institutionalised the life course of citizens, the paradigm of an enabling welfare state demands a more dynamic life-course perspective. The point here is that the life course has become more diverse, involving many different and partly overlapping stages with less clear-cut transitions between them. Accordingly, welfare arrangements should aim at ensuring a more balanced spread of resources and time during the individual’s life, providing a continuous flow of support to the development of capabilities and a better combination of various phases of the life course, as well as transitions between them.

Since the paradigm of the ‘enabling welfare state’ actually boils down to the notion of a ‘welfare society’, the distribution of roles and responsibilities between the various social actors in welfare regimes must likewise be addressed. To this end, five regime types are distinguished: corporatist, liberal, social-democratic, southern, and eastern or transitional. The roles of the government, the market, the community, the family and the individual vary significantly across welfare regimes. Work, welfare and family dependencies are structured and balanced in different ways, and social policy goals like income, employment and social integration are disparately weighted and prioritised. These differences in the structures of welfare state dependencies and their impact on the autonomy of individuals and households also affect the degree to which regimes are open to social arrangements that are less governmental and contractual and thus more individual, informal and market-related, as envisioned by the paradigm of the ‘enabling welfare state’.

European Union and Social Policy

Based on the challenges, normative framework and the enabling approach to European social policy explained in part one, part two proceeds with empirical facts and research into the welfare state. Two chapters deal with the significance of the European Union as a framework for national social policy and as a policymaking actor in its own right.

The first chapter of part two is divided into four sections dealing with migration, labour markets, economic integration and the institutional framework of the Union. The first section investigates the effects of EU enlargement on the mobility flows of workers and other persons moving

within the Union, and their impact on the national social systems as well as on the Union's coordination policies and institutions. Free movement is not only granted as one of the 'four freedoms' forming a particular trait of the Union; historically, it was also one of the first and main causes for the need of supranational coordination. After a short sketch of the present pattern of EU-wide migration, its influential factors and various forms, the section concentrates on the expected effects of EU enlargement. The main questions concern: overall migration potential, duration of migration and other forms of mobility, push and pull factors, characteristics of the majority of migrants, transitional rules governing migration from new to old member states, immigration flows from outside the European Union, and the future need for new efforts of coordination. Migration may impact the age structure, labour potential and sustainability of social systems in both the emigration and immigration countries. Meanwhile, however, migration potential seems to have become highly restricted, and in the near future – also after the transitional period – the pressure to migrate might even decrease owing to the effects of faster economic growth, direct investments and benefits of the EU Structural Fund for the new member states. Hence, in view of the limited migration flows likely to ensue from EU enlargement, national and international migration policies will presumably be affected only on a marginal scale, at least in the short run. As to the long-run consequences, these depend on the extent of ongoing European integration, which in turn ultimately depends on the economic success of the accessing countries in the decades to come.

The second section addresses employment policy, an area in which the EU is already active, and illustrates the effects of supranational policies on national and international labour markets. A brief outline of the European Employment Strategy is followed by some figures reflecting the extent to which various national labour markets are capable of attaining the goals agreed by the EU member states at the Lisbon summit, in 2000 and 2003 respectively. Here again, the welfare regime type approach is applied as a means of stressing the different labour market outcomes. In this way, the role policy regimes may play for explaining the different country-specific outcomes is assessed. Member states differ not only as regards the performance of their national labour markets but – in view of the European Employment Strategy guidelines – also as regards the pressures they face in striving to attain performance goals. The main challenge consists in balancing and combining the goals of work and income security with the goals of labour market flexibility and mobility, in both geographical and occupational terms, thereby not only meeting social requirements but also enhancing economic productivity and competitiveness. Improving the adaptability and employability of the labour force and increasing labour market participation and work security necessitates an extension of opportunities. These are furnished through innovative life-course oriented arrangements for a better

combination of work, care and education, as well as through investments in human capital via life-long learning and practices of active aging. The EU can play an important role in promoting these policy changes by supporting and recommending national innovations in labour market policy and by improving the efficacy of the coordination process at EU level through a better alignment and fine-tuning of the decisions of the Economic and Financial Affairs Council (ECOFIN) with the work of the Employment, Social Policy, Health and Consumer Affairs Council (ESPHCA). The Open Method of Coordination (OMC) is designed to enhance compliance with ambitious targets and innovative policy approaches, although its effectiveness is often greatly restricted, especially in periods of economic downturn and on account of the principle of subsidiarity.

The third section describes the consequences of ongoing and widening economic integration for the national social systems. Economic integration – especially through the European Monetary Union (EMU) and the Stability and Growth Pact (SGP) – increasingly influences and limits the scope of action of the member states in their efforts to respond to economic adversity and growing pressure on social expenditures. This forces them to launch incisive retrenchment and/or reform programmes in their welfare systems. Social policies thus face pressure from two sides: mounting expenditures owing to long-term trends like aging, individualisation and unemployment on the one front, and the EMU- and SGP-induced inability to use deficit spending policies to deal with adverse economic shocks, on the other. Since a relaxation of Community rules or a prolongation of their implementation do not seem feasible solutions in the long term, the only option available to nation states is the reformation of their labour markets and social security systems. Looking in more general terms at the relationship between economic and social policy in the EU, it is easy to see the steady rise in tensions between the growing unity of economic policy at supranational level and the widening heterogeneity of national welfare systems at state level. A convergence of different social policy regimes is still a long way off; instead, there is increased policy competition between nation states within a Europe of different speeds. Whether this situation will give rise to more competition or more policy learning between the member states, and whether these interaction processes will lead to a race to the bottom or rather to the top, remain open questions. Yet the OMC could contribute to the modernisation of social protection systems along the lines of the ‘enabling welfare state’. Its chances will be better the more it remains restricted to the formulation of general aims, or to a framework in the form of non-binding guidelines on the basis of which the member states have sufficient discretion to work out specific national targets and arrangements, leaving the implementation of the guidelines to national and even regional and local tiers of government.

The fourth section analyses the significance of the Union’s coordination mechanisms and legal framework for national policies, showing how the for-

mer impact the latter. Although the Treaty on European Union cites as an important objective the tasks to improve social progress, assure a high level of employment and strengthen social cohesion, it does not confer upon the EU any competences in the social policy sphere. Nor is the Constitution going to change this; instead, it expressly demands 'concern' for the principle of subsidiarity. Nevertheless, as a legal union, the Union affects national policies through Community law and the activities of the Community institutions. The main impact is exerted through the 'fundamental freedoms', the coordination rules governing migrant workers and the numerous judgments of the European Court of Justice related therewith. In addition, some provisions of Community law are also of direct and indirect relevance to social policy. Finally, the effects of Community competition law will meet with growing interest as clear-cut distinctions between public systems of social security and private-sector arrangements become increasingly blurred.

The second chapter of part two deals with the European Union as an agent in the area of social policy – which in many ways it is, regardless of the principle of subsidiarity. In this respect, although social policy remains a matter of member state competence in principle, manifold activities of the Community institutions in this area have constantly enhanced the social dimension of the Union. The role and relative importance of the Councils, the Commission, the European Court of Justice and the Parliament nevertheless differ significantly. This also holds true for the instruments available for action at Union level, comprising legislation, structural promotion and political activities. The diverse objectives of efforts undertaken at Union level range from coordination to convergence and the securing of minimum standards.

National and Supra-national Social Policy: Comparative Case Studies

The analyses in part one and two give no in-depth consideration to specific policy areas or countries. National particularities are taken into account only with a view to their attribution to different welfare regimes, but no attention is drawn to single member state features. In part three, the focus of the study shifts to more concrete levels of policymaking. The four main chapters of part three are thus devoted to four areas of social policy, namely health care, old-age security, family policies and poverty prevention. Each of these areas is scrutinised by way of a concrete comparison of the policies and institutional arrangements of two selected countries. The selection of the country pairs is based on the welfare regimes attributed to each of them, which together cover most of the earlier mentioned regime types, including the transition or Eastern regime type. Following a comprehensive introduction, the first chapter contrasts healthcare policies in Germany, as a corporatist welfare regime, with those existing in the United Kingdom, representing the liberal model. The next chapter comparatively evaluates policies of old-age security in Germany and Poland, the latter representing a transition country.

The third chapter discusses the two different approaches to family policy in Finland and Estonia, a social-democratic and another transition state respectively. Finally, the fourth chapter deals with the political and institutional arrangements adopted to prevent poverty in Belgium and Denmark, a corporatist and a social-democratic welfare regime. The exemplary analysis of the chosen policy areas is representative of the main issues and the variety of social policies encountered in Europe, and makes it possible to draw conclusions needed for general evaluations and recommendations. The same holds true for the countries investigated and compared. Thus, the intention of the study is not to give a full picture of all EU member state policies, but – by undertaking policy-specific comparisons of two countries representing more or less distinct welfare regimes – to demonstrate differences and similarities from both a static comparative and a dynamic developmental, reform-oriented perspective.

Proceeding from the core elements embodied in the concept of the enabling welfare state, the capabilities approach, the life-course perspective and sustainability (being the main condition for the maintenance and efficiency of any social system), the analysis of the four social policy areas brings to the fore some major problems and questions. Family policies centre on childhood and parenthood, while provisions for old age delineate, structure and support specific phases of the life course, enhancing the capabilities of beneficiaries during these phases. Health care and poverty prevention systems afford protection against two basic risks of life, illness and poverty, which are not directly connected to specific life phases but can more or less temporarily and randomly interrupt and distort life plans and security expectations. By emphasising preventive rather than compensative measures in both these fields, priority is again given to individual capability in the sense of, say, health awareness, provident investment in the maintenance and improvement of productive and social skills or employability – especially if poverty prevention is combined with activation policies. The funding of healthcare and pension systems addresses issues relating to their sustainability and the re-distribution of means – between age cohorts in terms of society as a whole and between life phases of the individual. Corresponding problems involve expectations of levels of assistance and security, which in turn affect the distribution of responsibility between the citizen, the state and other social institutions.

Based on the common lines of analysis, the four chapters share the same structure. Each begins with a review of the main issues of the respective social policy area. This is followed by a description of the policy approaches taken in each of the two countries selected for the given area, illustrating their particular institutions, methods, developments, challenges and policy goals. Subsequently, the country pairs are compared, stressing similarities and peculiarities, strengths and weaknesses. The comparison is geared to the two basic elements of the enabling welfare state, namely the capability