Comparative Social Policy and the European Union

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Introduction

Mature welfare states are undergoing similar socio-economic trends, facing common challenges, and tend to respond to social problems such as unemployment or poverty in fairly similar ways. Demographic ageing and low birth rates, for example, are problems which cause financial problems for sustaining national pension systems in most western countries, albeit to differing extents. Smaller households and less extensive family networks put pressure on policy-makers to provide more public social care services for older citizens—yet low growth rates and increasing economic internationalization put limits on the financial scope for expansion. In short, studying national social policy in isolation seems increasingly questionable due to the growing impact of external influences on national social policy formation and the increasing interdependence between countries.

Yet what kind of comparisons can be made and what is gained from studying social policy across countries? These two questions are addressed in the first section of this chapter. The second section discusses different interests which researchers bring to the study of cross-national social policy, thereby producing more descriptive, evaluative, or theoretical comparisons. In other words, the first two sections deal with aspects of the academic study of comparative social policy. Subsequently the chapter turns to social policy in Europe. Section three provides a brief discussion of common characteristics and variations in the provision of social policy, as well as the extent of social problems, in selected member states of the European Union. Finally the chapter turns to the role of the EU itself, the causes for the growing influence of Brussels on national social policy formation, and the question whether this trend has rendered comparisons of national social policy systems within the EU meaningless.

Learning outcomes

Readers of this chapter will understand and be able to explain the following propositions:

1. comparative social policy is not necessarily cross-national;
2. comparative social policy can involve analyses across countries (or societies) and over time;
3. lesson learning is one motivation for engaging in comparative social policy analysis;
4. comparative social policy research can be distinguished into primarily descriptive, evaluative, and theoretical studies;
5. the extent of social problems within the EU varies considerably across member states;
6. the level and character of social spending varies within member states of the EU but some degree of convergence can be identified;
7. EU social policy is mainly regulatory and the establishment of a European welfare state remains an unlikely prospect;
8. the EU’s growing influence on social policy formation within member states has economic, political, and legal causes;
9. the aim of social policy harmonization within the EU has been superseded by social policy co-ordination.
Comparative perspectives and their relevance for the study of social policy

Social policy might broadly be understood as encompassing programmes which are aimed at securing or enhancing the wellbeing and the life chances of individuals. Conventionally, the study of these policies tended to be confined to western countries and the ways in which they publicly provide, or regulate, core programmes such as cash benefits, housing, health, and social services. Yet beyond these generally accepted central areas of social welfare, there is a range of other policies which might legitimately be included. Tax allowances, tax credits, or exemptions, for example, are in many ways simply alternatives to providing social security (cash) transfers in the sense that they raise the income of certain individuals or households. Education, active labour market policies, occupational health, and health and safety issues impinge on an individual’s state of welfare by providing opportunities for, or by directly improving the level of, social and material protection. But also non-public forms of welfare production on the part of voluntary organizations, families, or individuals are important sources for the wellbeing of large parts of the population. Shifting the focus from a single to more than one country is a powerful reminder of the relevance of such a wider perspective to be applied to the study of social policy. In comparative social policy it is an inherent perspective.

One term—several meanings

Most types of social policy analysis could be regarded as comparative in the sense that observed phenomena, policies, or social problems (such as poverty, homelessness, unemployment etc.) are compared against a certain point of reference. Often the latter might merely be implicitly assumed rather than openly stated. However, some sort of benchmark is required for assessing, interpreting, or evaluating differences and similarities. Does this mean that there is nothing distinctive about comparative social policy as opposed to other forms of research designs? This question has been extensively deliberated in texts on methods of comparative social research generally (Kohn 1989; Øyen 1990; Ragin 1987, 1991; Hantrais and Mangen 1996) as well as comparative social policy in particular (Clasen 1999; Kennett 2004). Without rehearsing the arguments here, what seems commonly accepted is the fact that a cross-national perspective adds to methodological problems such as generating comparable data, identifying appropriate concepts which can be applied across countries, and achieving a sufficient sensitivity towards the different historical and cultural contexts in which national social policies are embedded.

Treating comparative as synonymous with cross-national is a common shorthand understanding in most contemporary writing on social policy. However, ‘nation’ is sometimes not the appropriate terminology to be applied in spatial comparisons. Countries belonging to the same nation might be compared, as was the case for studies of divergent forms of social policy delivery in East and West Germany before unification. Nations rather than countries would be the chosen units of comparisons for studying policy differences across Scotland, England, and Wales. Rather than cross-national, the term cross-cultural, or cross-societal, might be preferred for studies with a specific focus or research interest, such as on norms and values.
towards income redistribution or solidarity, even where the boundaries of different countries are the same as cultures or societies.

A second objection to treating comparative as synonymous with cross-national rests on the fact that the nation (or country) might not be the most useful unit of comparison. The prevalence of a social problem in particular localities within countries (such as forms of social exclusion) might make cross-regional comparisons the more appropriate strategy, covering one or more areas from several countries or within the same country. In other words, countries as units for comparisons might be too large or too small. In the first case, given its cultural diversity, a study of patterns of informal support systems aimed at covering an entire country such as India would generate a wealth of material for intra-country comparisons. In the latter case, a comparison of social policy norms embedded within religious belief systems, for example, might draw on countries for illustrative purposes, but would go beyond nation states as units of comparison.

In short, depending on the particular aim of a comparative study, sub-national entities (local authorities, regions, federal states) or supra-national organizations (such as the EU) might be the more appropriate unit of analysis. Indeed, much research which has been labelled cross-national or cross-country is in fact a comparison of particular (and not necessarily representative) regions or towns within different countries. There are often good methodological reasons for such a strategy (e.g. Bradshaw et al. 1993) which should be made explicit.

Finally, comparisons might be inter-temporal rather than (or as well as) cross-national in character. Comparing policy processes during ‘critical junctures’ in the historical development of particular programmes within a single country (e.g. periods when major legislative changes were made) might be an appropriate research strategy for improving our understanding of the forces which have shaped modern forms of social policy. Combining comparisons over a long time span with those across countries has proved to be a very effective strategy. Ellen Immergut (1992a) applied such an approach to a seminal study in which she illustrates that differences in formal political institutions (such as electoral, legislative, and executive systems) explain much cross-national variation in contemporary healthcare provision (see Box 20.1).

**What is gained from studying social policy across countries?**

Potentially there are a number of academic as well as non-academic benefits arising from studying social policy within a comparative perspective (for convenience, from now on understood as synonymous with cross-national). A basic but major justification for looking across borders is associated with what C. W. Mills (1976) called ‘the sociological imagination’. While Mills more directly referred to the ability of the possessor of this imagination to grasp history and biography and to place his or her daily experience into a wider structural and historical framework, a similar type of understanding and reflection can be reached by studying and comparing countries or societies. Even a fairly preliminary observation of, in this case, the ways in which other countries respond to similar social problems, organize welfare services, underwrite social rights, or interpret values such as solidarity or equality, tends to lead to reflections about domestic social policy arrangements—and the realization of how much is often taken for granted. Indeed, it might often be some form of ‘sociological imagination’ which inspires new questions. For example: how do we explain the different emphasis
Box 20.1 Historical and cross-national comparison on nationalized health care

Nearly all West European governments have considered proposals for introducing national healthcare systems at one time or another. In a historical and comparative investigation, Ellen Immergut (1992b) asked why some governments (e.g. Sweden) succeeded while others (e.g. France or Switzerland) failed. She examined these three countries in detail and rejected potential explanatory factors such as different ideologies within national medical associations (all initially objecting to the nationalization of healthcare) or their respective organizational strength. Neither did other factors, such as political demands for national healthcare from unions and leftist political parties in particular, and differences in the relative strength of the latter, explain differences in political outcomes. Instead, Immergut emphasizes political institutions and the ways in which they ‘establish the rules of the game’ and strongly influence how ‘policy conflicts will be played out’ (ibid. 1992b: 63). In a careful historical analysis of major decision-making processes during the postwar decades she analysed the impact which different political arenas (executive, legislative, or electoral) exerted on national policymaking. Not the power or influence of particular actors per se was important, she argues, but how the latter were influenced by arenas which provide different ‘veto points’: constitutional rules in France, the possibilities of popular referenda in Switzerland, and the strong position of the political executive vis-à-vis the parliament in Sweden. These veto points heavily impinge on political outcomes, in this case facilitating or hindering the establishment of national healthcare systems.

which otherwise similar countries place on family policies? Why do unemployed people, pensioners, or lone parents fare considerably better in some countries than in others? Why are some countries able to sustain expensive welfare programmes which require high levels of tax revenue while a similar approach seems to be inconceivable elsewhere? Why have countries with similar average living standards very different levels of homelessness?

While such questions are not new, there has clearly been a growing interest in comparative social policy in recent decades, which might be regarded as a response to political events and processes, as well as economic globalization (see Chapter 21) or social and demographic change. The collapse of the command economies in Central and Eastern European countries after 1989 set in motion a search for social policy models which would accompany the transition towards market economies. The influence of external agencies in this process, such as the World Bank or the IMF, has been considerable. Within the EU, the European Commission has gained in influence not only in economic but also social policy formation, pushing reforms which would allow a stronger level of policy co-ordination across member states (see below). This has spurred comparative social policy research across member states as well as between the so-called European social model and patterns of welfare provision in the US and Japan, for example.

But there are also academic reasons why a comparative perspective has become an increasingly common strategy in the study of social policy—even to those who are primarily interested in domestic welfare programmes. At one level, and provided methodological problems of comparisons can be overcome, a comparison of domestic policies with similar arrangements
elsewhere can be used as a form of evaluation or test. One way of assessing the effectiveness or efficiency of a particular labour market scheme, a health screening programme, or model of home help services, for example, would be to compare it with analogous policies in one or several other countries. The answer to the question ‘what works where and why’ is important for both social policy analysts and, potentially at least, policy-makers since learning from other countries might be a step towards improving domestic policy.

On a more abstract level some central inquiries in social policy have always been formulated within cross-national frameworks. For example, the question why western countries have developed into welfare states during the twentieth century (measured by, for example, the increase in the rate of GDP spent on social expenditure or the introduction and spread of social rights) has been a major topic of academic debate for many decades (see Pierson 1998 for an excellent overview). Of course, in principle such an investigation can be restricted to the emergence and evolution of social policy within a single country. The impact of the influence of enlightened thinkers and their ideas, the role of increased economic prosperity, growing public demands for welfare, government ideologies, the power of organized labour, and other factors could all be carefully studied in a historically sensitive project on domestic policy trajectory. However, it would seem rather limiting if developments in other countries with similar trends in social policy were to be ignored. Widening the research by including more countries enlarges the empirical basis for testing hypotheses and thus renders potential findings much more robust. In other words, a cross-national rather than single-country research design might be the more theoretically promising strategy. Yet while many comparative studies have been interested in explaining cross-national similarities or variation, others have adopted a more descriptive focus.

Diverse approaches within comparative social policy

Many books which discuss social policy instruments, outcomes, and developments, consist of chapters devoted to particular countries. Often such texts lack criteria which would make them explicitly comparative in any analytical sense. For example, disparate country chapters often come without a common analytical framework, systematic structure, or even set of common topics. At times there is little attempt to introduce central concepts or no discussion of how these have been operationalized and, as a consequence, drawing comparative conclusions is difficult. More systematic cross-national analyses can be distinguished in studies primarily aimed at providing descriptive information about other countries, comparative policy evaluations, or theoretical explanations of cross-national variation.

Descriptive accounts

Informative comparisons go back to the 1960s and 1970s, initially concentrating on social administration (Rodgers et al. 1968) and later social policy per se (e.g. Kaim-Caudle 1973; Rodgers et al. 1979). Driven by the idea that there is considerable knowledge and insight to be gained from looking across countries, these pioneering studies briefly designed an analytical framework and then proceeded with ‘constructive descriptions’ (Stebbing in Rodgers et al. 1979: xii) and intensive country-by-country discussions of social policy programmes, aims,
and forms of delivery. This empirical engagement with social policy in a range of countries was extremely valuable at the time but many aspects were quickly outdated. Also, there were very few in-depth studies which, over and above descriptive purposes, made any claims to theoretical advancement. Heclo’s seminal book (1974) on differences and similarities in the development of unemployment insurance and pension programmes in the UK and Sweden was one of the rare exceptions.

Accessing good information about national social policy systems has become much easier in recent years, not least due to the publication of specialized texts on particular countries, the establishment of new journals which regularly feature articles on comparative social policy (e.g. the *Journal of European Social Policy*), the work of international research associations (such as ESPAnet, the European Social Policy Analysis network), and also efforts made by supranational agencies such as the EU or the OECD to harmonize data and thus facilitate cross-national analyses. As a consequence, the value of publications of purely descriptive accounts of national social policy programmes has become somewhat limited when no attempt is made to connect individual country analyses to a wider conceptual framework which would allow inferences about, for example, causes for cross-national convergence or divergence.

**Evaluative comparisons**

A second branch of cross-national social policy analysis focuses on the evaluation of particular types of social policy intervention (e.g. Bradshaw and Piachaud 1980), or on particular problems such as poverty (Walker, Lawson, and Townsend 1983). Since the 1980s the developments of new and improved datasets, such as the Luxembourg Income Study or the European Community Household Panel, has helped to provide a more robust empirical basis for comparative research of this type which is more interested in evaluating the effectiveness of welfare programmes, such as the impact of national income transfer programmes on poverty (Mitchell 1991) or the effect of unemployment on individuals and families (Gallie and Paugam 2000).

Much of this type of analysis produces league tables and rank orders of countries, sometimes with the idea of ‘learning’ from those countries which seem to be better than others at dealing with social problems or providing social policy in a more effective way. Another more academic value of these types of systematic comparative analyses is to demonstrate how multifaceted and complex social policy interventions can be and thus how superficial and at times misleading country tables in the media appear which arguably show differences in the extent to which countries support particular social groups.

Simple comparisons of child benefit rates, for example, would be rather misrepresenting the overall effort which countries make to help families with the cost of children. For example, while some countries place an emphasis on universal or means-tested child benefits, others choose tax allowances, or a combination of the two. This has been shown by a project coordinated by Jonathan Bradshaw and colleagues at York University in 1992 (Bradshaw et al. 1993a, 1993b). The study brought together a large team of researchers in order to provide information and data with the aim of identifying the structure of national ‘child support packages’ in fifteen countries. Apart from benefits and tax allowances, other forms of support included in the study were help with the cost of child care, schooling, and healthcare for children, but also housing allowances which can be dependent on the size of a family. Once the
Box 20.2  Evaluating the level of child support across fifteen countries

In the early 1990s, Jonathan Bradshaw and colleagues (1993a and 1993b) investigated different ways in which thirteen European countries, plus Australia and the US, help families with the cost of bringing up children, and also compared the relative generosity of national support packages. Rather than interviewing families, the research was based on legislation and regulations concerning tax treatment and the entitlement to and level of cash transfers and others forms of support, e.g. with pre-school care or healthcare consumption for eight different model families with between one and four children of different ages. National currencies were made comparable by using ‘purchasing power parities’ which, unlike exchange rates, take account of differences in the cost of living across countries.

The findings show that it is difficult to provide an answer to the question which country is the most generous in supporting families because of cross-national variations in outcomes. Comparing countries before or after the cost of housing makes a difference, for example, and there are some significant variations in the level of child support which applies to different families within countries. Some, for example, target their efforts on families with low income (Germany, US, UK), others favour large families irrespective of earning levels (France, Belgium, Luxembourg), and some (including Norway, France, and Luxembourg) are particularly generous to lone parents. An ‘average rank order’ across these and other variations however shows that Norway, France, Luxembourg, Denmark, and Belgium are, generally, the most supportive welfare states for families with children. The least generous countries are Spain, Greece, Ireland, Portugal, and the US. In recent years, Bradshaw and Finch (2002) repeated the study and extended it to twenty-two countries. It showed a substantial improvement of the UK’s position compared with the early 1990s, but indicates that Austria provides a child support package which is considerably more generous than anywhere else, followed by Luxembourg and Finland.

structure of these components was identified for each country, the value of child support packages was calculated. Here it is important to recognize that the level of support which countries provide often discriminates between different family types (see Box 20.2). Thus, rather than one child support package, the value of a multitude of packages had to be computed for each country, producing tables with countries ranked in accordance with support levels by income, number and age of children, family type, and employment status.

Explaining welfare state development and diversity

A third branch of comparative social policy is more directly aimed at the generation of theory or theory testing, ranging from two-country comparisons (e.g. Mau 2003; Clasen 2005) to comparisons involving a relatively large number of advanced welfare states. Within the latter group, Peter Flora and colleagues produced landmark publications (Flora and Heidenheimer 1981; Flora 1986). Their main indicator of national social policy development here was the level of spending. Others were the timing of core social insurance legislation and the growth
in programme coverage. The interest in these dependent variables links them to earlier studies conducted in the 1960s and 1970s which, based on statistical observations, argued that the emergence and development of welfare states has to be regarded as a response to socio-economic pressures developed within industrialized societies and growing capacities to meet demands (Cutright 1965; Wilensky 1975). In the 1970s and 1980s, these explanations were questioned in studies which pointed to political factors, and in particular the strength of organized labour, as a crucial variable of welfare state expansion (see Shalev 1983).

The current version of this ongoing debate about causes of welfare state development emphasizes the diversity and the co-existence of several paths towards post-industrialism in accordance with the notion of the existence of different types or welfare regimes around which countries cluster (Esping-Andersen 1990). Gösta Esping-Andersen’s seminal book has impinged on much comparative social policy in the 1990s and beyond.

One of Esping-Andersen’s starting points was the argument that the level of social spending is a rather poor ‘proxy’ variable for social policy (Esping-Andersen 1993). Indeed, a high level of expenditure provides little information as to the degree of redistribution achieved in a particular country or the ways in which welfare programmes ameliorate, perpetuate, or reduce social divisions or income inequality. Instead, an understanding of the impact of welfare states on the social structure of a given country requires a study of the ways in which national welfare programmes are structured and delivered. Applying such a perspective to eighteen OECD countries renders the identification of three distinct ‘welfare regimes’, defined as:

... institutional arrangements, rules and understandings that guide and shape concurrent social-policy decisions, expenditure developments, problem definitions, and even the response-and-demand structure of citizens and welfare consumers. (Esping-Andersen 1990: 80)

Esping-Andersen argues that the provision of social policy and the interaction between markets, states, and families follows a certain logic which differs across the three clusters of welfare states. For example, social policy in ‘liberal’ welfare states is predominantly aimed at providing support mainly for low-income groups. Consequently, there is an emphasis on means-tested social assistance benefits and only modest universal transfers, and an active encouragement of the use of non-state alternatives such as private forms of social protection. Esping-Andersen regards countries such as the US, Australia, Canada, and, to a lesser extent, also the UK as belonging to this group. A second regime type, the ‘corporatist’ or ‘conservative’ welfare state, aims to preserve status differentials by providing transfers which are closely linked to previous earnings. Since social rights are attached to class and status (e.g. with separate programmes for white- and blue-collar workers, and benefits covering family dependants) private forms of welfare provisions are much less prevalent than in liberal welfare states. Continental European countries such as Germany, France, and Italy belong to this cluster. The third ‘social-democratic’ type aims to foster cross-class solidarity and equality. Generous benefits, also for the less well-off, and universal forms of support predominate, with the state acting not only as compensator for lost earnings but also as principal provider of care services for children and older people. Social policy in Scandinavian countries such as Sweden, Norway, and Denmark, is arguably embedded within such a framework.

Empirically Esping-Andersen distinguished the three clusters by their respective degrees of ‘decommodification’ and ‘stratification’. The latter indicator refers to the type of social
structure which welfare programmes promote and is composed of a measurement, consisting of the degree of corporatism (number of distinct public pension schemes), etatism (pension expenditure on government employees), average levels of benefit universalism and benefit equality, and proportions of spending on means-tested social expenditure, private pensions, and private healthcare (see Esping-Andersen 1990: 70–71). ‘Decommodification’ is understood as the degree to which ‘individuals, or families, can uphold a socially acceptable standard of living independently of market participation’ (Esping-Andersen 1990: 37). In other words, welfare states differ in the extent to which they allow benefit recipients to withstand the pressure of returning to the labour market (see Box 20.3).

**Box 20.3 Decommodification as a central concept in Esping-Andersen’s welfare regimes**

One of the two central indicators which Gøsta Esping-Andersen (1990) employs to distinguish between welfare states is the level of ‘decommodification’. With developing capitalism, for the majority of the population survival outside the labour market became increasingly difficult, work became waged work, and labour therefore commodified. Only the gradual establishment of social rights lowered workers’ reliance on the labour market somewhat during times of sickness, unemployment, or retirement. The historical expansion of the welfare state can therefore be regarded as a process of decommodification and countries can be compared in accordance with the degree of decommodification. Using data from the early and mid-1980s, Esping-Andersen (1990) calculated the degree of decommodification for pension, sickness, and unemployment programmes in eighteen OECD countries. He took account not only of the generosity of transfers but also of benefit duration, access to benefits (eligibility rules), and the ways in which benefits are funded, weighted by the percentage of the relevant population covered. For example, the index for pensions has been constructed as consisting of the levels of both the minimum pension and the standard pension, the number of years to qualify, the proportion of pensions funded by contributors rather than taxation, and the share of people above retirement age who are actually in receipt of a pension. He then scored individual programmes for each country and produced rank-orders. These showed the lowest (combined) decommodification scores for countries such as Australia, the US, Ireland, and the UK. For average workers in these ‘liberal’ welfare states the degree of market independence achieved by social policy is therefore low and the pressure to return to paid work high. By contrast, the highest scores were registered for Scandinavia which means that the same welfare state programmes enable Swedish or Danish workers more easily and for longer periods to survive without participation in the labour market.

The concept of decommodification has become an important organizing principle in comparative social policy and a component in the three-way classification of welfare states it helps to portray. However, it is not free from theoretical and conceptual problems, and questions have been raised about the ways in which Esping-Andersen has applied the concept. Francis G. Castles and Deborah Mitchell (1993), for example, criticized the somewhat arbitrary low weighting which was ascribed to some programmes simply because they are means-tested.
Welfare regimes and beyond

Esping-Andersen’s welfare state typology stimulated major debates in comparative social policy. Some commentators questioned the academic value of constructing clusters of welfare states (e.g. Baldwin 1996), others emphasized the need to identify more than three distinct welfare regimes. Stephan Leibfried (1993), for example, argued that southern European (‘Latin rim’) countries could not simply be regarded as evolving versions of one of the three types but display characteristics which made them different. This has also been claimed by Maurizio Ferrera (1996) who pointed to characteristics such as a fragmented nature of social security, the mix between public and non-public forms of welfare provision, and the role of clientelism and patronage which combined form a distinct southern European welfare state (but critically, see Kastrougalos 1994). Beyond Europe, Castles and Mitchell (1993) pointed to methodological and conceptual problems in Esping-Andersen’s typology (such as the treatment of means-testing; see Box 20.3). Once taken into account, Esping-Andersen’s ‘liberal’ welfare states arguably consist of two groups with the UK, Australia, and New Zealand pursuing similar welfare goals as in Scandinavia (poverty reduction, income equalization) but by means of redistributive instruments rather than high social expenditure.

Other criticisms of Esping-Andersen’s approach (for reviews see Abrahamson 1999 and Arts and Gelissen 2002) revolved around the actual notion of welfare regimes (are they ideal types or actual systems?), the problem of assigning particular countries to particular clusters, or the dynamic nature of welfare states and the question of regime shifts. The exclusive focus on income transfers has been regarded as another major shortcoming. Placing welfare services such as health and social care at the centre of the analysis would have produced a different clustering of countries (Kautto 2002). The two ‘conservative’ welfare states of France and Germany, for example, with similar patterns in the provision of social security, differ considerably in the means and the extent to which they provide care for children and support parents (Rostgaard and Fridberg 1998). The inclusion of the role of unpaid care provided by families and networks would help to attain a more adequate understanding of women’s relationship with the welfare state which cannot be reduced to that of a paid worker (Lewis 1992). Recently Esping-Andersen (1999) has acknowledged the relevance which households play in different countries within the overall production of welfare.

Despite, or perhaps because of, these various forms of criticism, Esping-Andersen’s welfare regime approach has remained a major reference point and contribution to the study of comparative social policy to date. Also his classification has proved to be fairly solid, even though a case can be made for extending the categories to four or even five (with the ‘conservative’ type as the most heterogeneous) and of repositioning some countries if the focus of analysis is a certain programme or policy field rather than welfare states per se. What is more, the reference to welfare regimes (implying a certain logic of social policy provision) helps to locate the study of comparative social policy within a wider framework, highlighting national configurations and interdependencies between welfare and other policy areas such as industrial relations, labour market policy, or national production systems (Ebbinghaus and Manow 2001). Indeed, it is difficult to find any macro-level comparisons of European welfare states which does not refer to the ‘three worlds of welfare capitalism’, critically or otherwise. This is the case even for cross-national comparisons of social policy which concentrate on particular aspects of social policy rather than welfare states, and which are more interested in welfare outcomes rather than configurations of welfare production.
Social policy in the European Union

While it might be argued that national social policy concerns have been superseded by debates which are more international and comparative in nature, criticisms have been made against analyses which remain confined to Western Europe or to economically advanced countries, such as those belonging to the OECD (see Jones Finer 1999). In many cases it is indeed interesting, or sometimes essential, to broaden the scope of cross-national analysis beyond Europe (see Chapter 21), particularly if social policy variation is a prime interest. In order to capture different value systems underpinning welfare provision or the different roles of families and informal networks in the provision of welfare services, a broad comparative perspective seems appropriate. However, even a more narrow European or even European Union perspective can serve the purpose of illustrating some of the similarities and differences in social policy arrangements which have inspired comparative analyses of social policy.

Spending on social policy within the EU

After its recent enlargement, extending the membership from fifteen to twenty-five countries, the EU has now a population of more than 450 million. As a consequence, it has become more diverse than ever, with countries differing considerably not only with respect to their population size (between 82 million in Germany and 400,000 in Malta) but also in terms of major national social and economic indicators. This also applies to the structure and level of public funding of social policy. Figure 20.1 provides an overview of social protection spending in eight member states of the European Union, plus the equivalent figures for the US and Australia. In order to adjust for different population size, social spending is measured as a share of national Gross Domestic Product (GDP). Of course, as always in comparative social policy, there are aspects of comparability which need to be taken into account. Some social policy domains (such as education for example) are excluded, while indirect spending (such as tax subsidies) are difficult to identify consistently across countries in compatible ways, and thus left out. Also, while taking account of different sizes of national economies, measuring social expenditure as a share of GDP is always liable to fluctuations in national business cycles. Nevertheless, the graph gives an indication of the different efforts which countries make in social policy, ranging from large welfare state spenders such as Sweden to more moderate public involvement in European countries such as Portugal or the Czech Republic.

The figure invites two further observations. First, the gap between large and moderate social policy narrowed between 1996 and 2001, suggesting a degree of convergence and catching up of southern and eastern European countries with the rest of the EU. Secondly, the commitment to publicly funded social protection seems stronger in the EU than in other advanced economies in the world. However, one needs to be somewhat careful here. Other European (but non EU) countries such as Norway or Switzerland are also large welfare state spenders, while some EU countries not listed here, such as Ireland or the small Baltic states, devote relatively low shares of their GDP to social protection programmes.

A degree of convergence is observable in respect to the ways in which EU countries finance social policy. In principle, there are four forms of revenue: taxation, contributions from protected persons, contributions from their employers, and other forms of receipts from a variety
of sources such as interest and dividends, co-payments for prescriptions, and so on. The relative share of the latter has not altered significantly during the 1990s, remaining below 10% of all social protection revenue, except for Greece and the Netherlands. By contrast, tax funding (referred to as general government contribution) has lost in relevance in countries which traditionally put a strong emphasis on taxation, such as Denmark, but has become more important in countries such as Germany, Italy, and France (see Figure 20.2). The background for this
The extent of social problems: European diversity

Typical problems and risks which social policy spending aims to address include unemployment, poverty, or social exclusion. All of these problems can be defined, and thus measured, in different ways within and across countries. Without rehearsing methodological and theoretical problems involved, for the purpose of illustrating cross-national variation Figure 20.3 displays the relative risk of poverty in the nine EU countries and the average for all twenty-five countries. The risk of poverty is here defined as the share of the population with income below 60% of median disposable income—before and after the receipt of benefits—adjusted by household size (so-called equivalized income). The data shows that poverty rates vary substantially across the EU, but not in accordance with the level of economic development. Some richer countries such as the UK (with per capita income above the EU25 average) have relatively high levels of poverty, while some countries with below-average per capita income (such as Hungary or the Czech Republic) have relatively low poverty rates.

The distance between the first and the second column indicates the effect of social benefits on reducing poverty, which is considerable in most and more moderate in other countries. The second column shows that differences in the level of poverty remain substantial across EU member states. Denmark and Sweden, but also the Czech Republic and Hungary, all have poverty rates which are well below the EU average and close to half of those in the UK or Portugal.
Other aggregate data indicate that different types of social problems are often but not always connected. For example, long-term unemployment is often referred to as a major factor which contributes to poverty. This is true in many countries as Figure 20.4 and Figure 20.3 indicate. Poland, for example, has both high levels of long-term unemployment and above-average rates of poverty. The reverse (low unemployment and low poverty) holds for countries such as Denmark.

By contrast, the UK illustrates that poverty is not necessarily (or only) linked to long-term unemployment. However, people of working age might not be unemployed but involuntarily out of a job for other reasons, such as disability, long-term illness, training, or caring responsibility. Labour-market inactivity (rather than merely unemployment) might thus be a more relevant indicator of social problems. Figure 20.5 underlines this. It depicts the percentage of children in a country growing up in households with no income from paid work. The high figure for the UK indicates that British unemployment is concentrated in households and (or) a widespread absence from the labour market for other reasons than unemployment.

**The role of the EU**

The discussion so far has shown that European countries retain distinctive characteristics in the relative scope of social problems on the one hand, and patterns in which markets, states, and families interact in the provision of social protection on the other. However, at a broad level indicators such as social expenditure and types of revenue for social policy suggest that some degree of convergence is taking place. This process is being reinforced by actions at the level of the European Union.
The prospect of a European welfare state?

Most commentators regard the EU influence over national social policy-making as limited—and also remain sceptical about the prospects of a harmonization of national social policy regimes at EU level as remote. In fact, the EU’s reliance on only broadly defined guidelines and flexible forms of implementation might leave sufficient space for further divergence rather than convergence of national social policy provision, as Geyer (2000) argues. But this is not to say that the EU has not had any influence on social policy across its member states. In fact, it can be shown that the degree of social policy activities and intervention has steadily grown since the 1950s (for extensive discussions, see Falkner 1998; Hantrais 2000; Geyer 2000; Kleinman 2002).

Essentially a process of creating a common economic sphere, the six founding members of the then EEC (European Economic Community) assumed that a higher level of social welfare would follow from increased economic activity which was to be achieved via regulations concerning the free movement of workers between member states or the freedom to provide services. Yet even the Rome Treaty, signed in 1957, included some more explicit areas of social policy intervention, such as improved working conditions, equal pay between men and women, and holiday pay. The latter policies were insisted upon by France in order to prevent a potential competitive disadvantage, and can thus be seen not so much as driven by concerns over social welfare but as accompanying elements of economic integration and fostering the mobility of labour.

However, while early social policy activities were rather rudimentary and geared towards mobile workers and creating gender equality in pay and social rights, over the past twenty
years or so the EU has become an increasingly influential force in the shaping of social policy regulation within member states. In the 1970s, the Social Action Programme (1974–1976) was aimed at improving employment, living and working conditions, and encouraging the cooperation between employees and employers. The promotion of the social integration of particular groups in society has been a limited but explicit feature of EU social policy since the 1970s. Already the 1974 Social Action Programme fostered the vocational and social rehabilitation of disabled people. This was followed up in the late 1980s with the HELIOS programme, aimed at promoting an independent lifestyle for people with disabilities, and other initiatives in the 1990s focusing on the integration of young people with disabilities into ordinary systems of education and training. Other actions have concentrated on older people, including the establishment of an ‘Observatory on Ageing and Older People’, reporting on the situation in each member state and the policies pursued there. Also the 1994 White Paper on Social Policy included a particular focus on improving the position of older people in society.

However, the worsening economic context in the mid-1970s contributed to a rather mixed and more modest output than had been anticipated, even though important directives were passed in the areas of equal treatment for men and women and health and safety, as well as the establishment of several European networks and observatories aimed at monitoring social policy developments in the member states. The 1980s were dominated by the preparations towards the completion of the single market. Although social policy was not a major element of the Single European Act of 1986 (the first major revision of the Rome Treaty), the then president of the Commission Jacques Delors, with the support of the pro-European French President Mitterand and the German Chancellor Kohl, was keen to expand the so-called European ‘social dimension’ in order to increase public support for further economic and political integration. This became explicit in the growing emphasis which was put on involving social partners in matters of social policy (the so-called ‘social dialogue’) and the increased use of structural funds in order to reduce regional disparities. Another example was the stronger decision-making power of the EU facilitated by the adoption of qualified (rather than unanimous) majority voting in some areas, such as health and safety at work.

Disagreement over the growing European social policy competence in the run-up to the Maastricht European Council in 1991, which formally created the European Union, led to the famous British ‘opt-out’ from the so-called ‘Protocol on Social Policy’ which was signed by the other eleven member countries and annexed to the Treaty. It extended the principle of qualified majority voting to further areas, such as working conditions, information and consultation of workers, and equality between men and women. The British opt-out was later rescinded by the incoming Labour government in 1997 and formally incorporated in the Amsterdam Treaty of the same year, paving the way for European directives on areas such as parental leave, atypical forms of employment, working time, and sex discrimination which now apply across all EU member states. The Amsterdam Treaty also for the first time explicitly mentioned the fight against social exclusion as one of the areas in which the EU was to adopt a more active role.

**European social integration: more than a single market?**

The discussion above indicates a growing EU influence on social policy across member states. However, two caveats should be pointed out. First, unlike national welfare states, EU social
policy intervention is largely regulatory, and does not guarantee rights to social benefits which, paid out of a European social budget, individual citizens could claim. Even at the beginning of the twenty-first century, a European welfare state which, taking over from national governments, would provide programmes such as pensions, healthcare, or social services seems inconceivable because of a number of barriers. Most importantly, the EU lacks legislative power and financial resources, such as a designated form of tax revenue which would fund these core social policy areas. What is more, because of their popularity and electoral significance, there is little political will among member states to transfer sovereignty from the national to the EU level to such an extent.

Second, as discussed, the development of European social integration has predominantly been based on economic rationales. The ambition to create a single European market with free movement of goods, investment, services, and labour has been a central driving force since the 1950s, and was cemented by the adoption of a single currency in 1999 which applies in twelve EU countries. But as a corollary of economic integration some social policy intervention was all but inevitable. For example, free movement of labour would be difficult to reconcile with a lack of recognition of pension rights and entitlement to benefits for citizens who work in member countries other than their own. Equal minimum social standards help to put a brake on countries who otherwise might be tempted to gain a competitive advantage over others by lowering the social (non-wage) costs for companies and thus undercut prices (a process which has been referred to as ‘social dumping’). As a consequence, there has been some form of social policy legislation at EU level, but which was characteristically confined to employment-related aspects, such as health and safety at work, working conditions, minimum standards, or regulating the length of the working week.

In short, while the EU influence over social policy matters has remained limited in the sense that it continues to be restricted to areas which are fairly close to the labour market, an increasing EU influence in these areas can be observed. At the same time, while attempts of directly harmonizing national policies stalled in the early 1990s, other less legalistic forms of influencing policy-making have been pursued since then, particularly in areas such as the fight against social exclusion (see Ferrera et al. 2002) or the coordination of national employment policies (Goetschy 2001)—see Box 20.4. Fixing common objectives, encouraging co-operation between member states, benchmarking, promoting best practice, conducting evaluations, requesting regular progress reports, and issuing recommendations have now become principal forms of policy intervention as part of the so-called ‘open method of co-ordination’ (Zeitlin et al. 2005).

**New forms of EU influence on social policy in Europe**

Applying new methods of governance, employment policy and tackling social exclusion are two fields in which the EU is gaining political profile, in addition to areas such as occupational health, working conditions, and labour mobility. By comparison, as long as EU activities in the more classic social policy fields such as healthcare, social services, family policy, or housing, remain as limited as they are, the creation of a welfare state in the conventional sense at the European supra-national level seems a long way away. And yet national sovereignty over social policy formation has eroded over the decades while EU influence has grown. Not that long ago, benefits were largely restricted to citizens of a particular country and their...
Box 20.4 The European Employment Strategy

Since the mid-1990s a growing EU involvement in employment policy can be observed and later formalized as the European Employment Strategy (EES). The origins of this strategy go back to the European Council in Essen in 1994 and the Amsterdam Treaty in 1997 which stressed that employment was a ‘matter of common concern’ and the need for co-ordination of employment policies across member states (see Goetschy 2001). At the Luxembourg Job Summit, which was held in the same year, it was decided that the European Council was to draft annual Employment Guidelines to be translated into National Action Plans for Employment (NAPs) to be submitted by member states. The plans are then analysed jointly by the Council and the Commission and the results presented in a Joint Employment Report. The findings of this report provide the basis for the reshaping of future guidelines and country-specific recommendations for Member States’ employment policies (see http://www.eu-employment-observatory.net/introframeset_en.htm).

One of the cornerstones of the EES is the shift from ‘welfare to work’. For example, the Council asks the member states to quantify targets for people to be transferred from what are called ‘passive’ income support systems to ‘active’ employment-related measures and to increase the overall number of unemployed who are being offered training or jobs by a certain margin. What kind of direct and lasting effect the EES will have in practice is probably difficult to assess at this stage. However, the requirement of annual reporting is likely to increase cross-national transparency and, potentially at least, will improve levels of comparability of national policy performances and thus facilitate cross-national evaluations. This can be assumed to exert some influence over and above symbolic policy-making at member-state level.

consumption nation-bound. As Leibfried and Pierson (1995) show, neither stipulation holds any longer for many transfers. Even though the extent of loss of national sovereignty differs between types of social benefits, as the result of an ever-increasing number of legal rulings by the European Court of Justice, national governments can no longer exclude non-national EU citizens from social rights or stop the exportability of benefit entitlement to other EU countries. This applies particularly to benefits which can be regarded as providing a minimum level of social protection (such as a minimum pension) but also for family allowances and other long-term, and particularly in-kind, benefits. By contrast, national governments have managed to hold on to sovereignty over transfers which are tightly linked to individual contributions (social insurance), and unemployment insurance transfers especially.

This outcome is not so much the result of a deliberate political move towards a European welfare state but of a conflict between maintaining national autonomy over welfare state matters versus the completion of a single open market with full European labour mobility and the freedom to provide services in other member states. Public monopolies, such as in healthcare delivery or pension provision, might be interpreted as contravening freedom of enterprise, for example. The arena for this on-going struggle has been the European Court of Justice in a series of complex legal processes in which, as Leibfried and Pierson (2000: 279) put it, ‘supranational efforts to broaden access and national efforts to maintain control go hand in hand, and are calibrated from conflict to conflict and court case by court case.’
In other words, as a form of spill-over and brought about by legal rather than by direct political action, the process of economic or market integration has been accompanied by an incremental process of social policy ‘homogenization’ (Leibfried and Pierson ibid.) across the EU. Its driving parameters (exportability of benefits; non-exclusivity; freedom to provide services) have increasingly influenced national welfare state reform processes and outcomes and can be expected to do so even more in the future.

This has consequences for the study of comparative social policy within the EU. On the one hand, abandoning nations as units of comparison seems rather premature because most social policy-making (funding, spending, delivery) is still decided at national rather than at EU level. What is more, apart from some specific areas (health and safety at work) or social groups (migrant workers) the EU has not replaced national institutions as principal legislator, and certainly not as revenue base or provider of social policy. However, despite the uncertainty over further European political integration in the wake of the referenda in France and the Netherlands in 2005, putting a European constitution into question, it would be misleading to disregard the impact which EU legislation has on the content and the process of national social policy reforms, or to dismiss the extent to which sovereignty over some social policy fields has been transferred from national governments to supranational EU governance. Indirect EU action (legal rulings as outcome of market building) and direct action both in fields relevant to social policy (convergence criteria for the European Monetary Union; attempts at tax harmonization) or social policy proper (e.g. the open method of co-ordination) exert pressure on national welfare state reforms. The lesson for comparative analyses of social policy at European level is to acknowledge that the interaction between the EU and national social policy formation will continue to be a major area of study for some time to come.

**Conclusion**

The study of social policy has become increasingly comparative in nature, and the comparative analysis of social policy has become firmly embedded within most university courses on the subject. This chapter has covered a number of reasons for this trend, some of which are of an academic nature and others to do with the growing sense of cross-country interdependence and similarities in the challenges which mature, as well as many developing, welfare states face today. The chapter has also illustrated that member states of the European Union continue to display considerable differences both in the extent of social problems, such as poverty, and in the magnitude of national resources devoted to social policy. However, processes of policy convergence within the EU can be identified too.

While there might be many reasons for the latter, the role of the EU as an influencing factor for social policy development in its member states is becoming ever more apparent, which does not mean that national boundaries are no longer relevant for comparative social policy analysis. The prospect of a European welfare state replacing core social policy programmes at national level seems as remote as ever. While this might be good news for those who like to study cross-national social policy, the nature of comparisons will be increasingly influenced by the interface between national and European initiatives, as well as supra-national developments beyond Europe.
KEY LEGISLATION

1957: Treaty establishing the European Economic Community (EEC) in Rome.

1992: Treaty on European Union (EU) signed in Maastricht in February 1992. Agreement and Protocol on Social Policy which was concluded by all member states with the exception of the UK.

1993: Green Paper on European Social Policy. Options for the Union (COM(93) 333)

1994: White Paper on European Social Policy—a way forward for the Union (COM(94) 333); an important document setting out the EU’s role in social policy.

1997: signing of Amsterdam Treaty; the UK giving up its opt-out position and signs the Social Chapter.

REFERENCES


COMPARATIVE SOCIAL POLICY AND THE EUROPEAN UNION


FURTHER READING


Comparative social policy books and monographs have found their way into the catalogues of most academic publishers of social science texts and most national and particularly international journals more frequently carry cross-national social policy articles. The *Journal of European Social Policy* should perhaps be singled out for the space it devotes to comparative articles and the regular monitoring of social policy initiatives at EU level.

**USEFUL WEBSITES**

For students interested in comparative social policy and European social policy, there are several useful websites.

ESPAnet (the European Social Policy Analysis network) provides good links to relevant national social policy associations and organizations and national research centres within Europe at: http://www.espanet.org/.

For EU social policy involvement and documentation the Directorate General for Employment, Social Affairs, and Equal Opportunities is a good starting point, at the EU web portal: http://europa.eu.int/

For social policy data on EU member states EUROSTAT provides a good starting point (http://epp.eurostat.cec.eu.int).

The International Labour Organisation (ILO) provides information and data on social policy too at: http://www.iilo.org.

For data on social policy and social protection in advanced countries, the OECD Directorate for Employment, Labour and Social Affairs is a useful address for links to data and research at http://www.oecd.org/.

**GLOSSARY**

**benefits in kind** are social policy provisions which are administered as services (rather than cash transfers), e.g. healthcare, education, home helps, foster care.

**cash transfers** is an expression for all types of social policy provision which, in contrast to benefits in kind, are made as monetary support to individuals or families. In Britain (but not the US) cash transfers have become synonymous with social security.
command economies is one of many terms which describes the former communist Central and East European countries, highlighting the fact that their economies did not function to a free market basis but were, to a large extent, politically planned.

critical junctures are brief historical periods of intense policy debates and changes in policy direction are likely.

decommodification is a central concept in Esping-Andersen (1990). Welfare states (or particular social policy programmes) differ in the degree of de-commodification, i.e. the extent to which they allow benefit recipients to withstand the pressure of returning to the labour market.

The European Community Household Panel is a large-scale comparative survey involving interviews with the same representative households and individuals over a number of years. Covering initially twelve European countries in 1994, the ECHP is under the responsibility of Eurostat, the Statistical Office of the European Communities.

The European social model is defined somewhat vaguely; the term has been used by the EU as an expression of common values in member states, including democracy, individual rights, free collective bargaining, equality of opportunity, market economy as well as social welfare and social solidarity. Essentially it emphasizes that economic competitiveness and social progress are not in conflict but go hand in hand.

GDP stands for Gross Domestic Product and is an expression of the total value of goods and services produced within a given period (normally a year) within a given country. The increase (or decrease) of GDP is a conventional indicator of the growth (or decline) of the domestic economy.

ideal types are central to the sociology of Max Weber. For Weber ideal types do not exist in empirical reality but as conceptual thought figures which highlight characteristics of phenomena to be analysed. In comparative welfare state research, Esping-Andersen’s three worlds of welfare capitalism (1990) can be regarded as ideal types in the sense that the Swedish welfare state, for example, is an empirical reality which can be measured against Esping-Andersen’s ideal type of a social democratic welfare state.

IMF stands for International Monetary Fund. The Fund promotes international monetary co-operation, exchange stability, and orderly exchange arrangements. It provides temporary financial assistance to countries to help ease balance of payments adjustment—and can therefore play an important role in the social policy decision-making processes.

The open method of co-ordination (OMC) is form of policy co-ordination at the EU level. Agreed upon at the Lisbon Summit of March 2000, the OMC has become a means of spreading best practice within the EU and thereby achieving greater convergence. Its mechanisms include fixing guidelines at the EU level and translating them into national and regional policies by setting specific targets, adopting quantitative and qualitative indicators and benchmarks, and monitoring and evaluating policy development. The OMC has become a central tool for the European Employment Strategy and the EU ‘social inclusion’ process.

The Protocol on Social Policy allowed eleven EU member states to proceed in implementing their ‘agreement on social policy’ in 1991. Impossible to reach agreement among the then twelve EU members, a solution was found in the form of an ‘opt-out’ for the UK from the social policy provisions of the Maastricht Treaty to which the Protocol was annexed in December 1991.

The social dialogue became a central institution in EU social policy-making after the Social Agreement of the Maastricht Treaty in 1992. It seeks to involve the social partners in matters of EU social policy and requires the Commission to consult social partners before initiating policy in the area related to employment. Within the remit of the Social Dialogue, the Commission’s role is to provide relevant information for policy-making and to facilitate negotiations between the social partners. Social partners can initiate and formulate policy and determine which form of legislative instrument should be chosen for policy implementation, including collective agreements rather than formal adoption by the European Council Structural Funds.
**social dimension** refers to areas of social policy competence where minimal standards are set at the EU rather than national level, e.g. in matters concerning workers residing in a member state other than their own, or moving between member states and in labour market-related areas such as equal treatment, health and safety measures, and working conditions.

**social dumping** is a term which has been used to denote one possible outcome of economic and political integration between the member states of the EU. It refers to companies which might decide to move to countries where wages and wage-related social contributions are low.

**social partners** is a term which is used in some European countries, and also by the EU, as a description of employer and employee (e.g. trade union) organizations. Within the EU social partners have adopted an increasingly important role as policy initiators in the area of social policy. They are free to initiate and formulate policy and determine which form of legislative instrument should be chosen for policy implementation, including collective agreements rather than formal adoption by the European Council.

**sociological imagination** is a term which has been coined by C. W. Mills (1976). Mills referred to the ability of the possessor of this imagination to grasp history and biography and to place his or her daily experience into a wider structural and historical framework. A similar type of understanding and reflection can be reached by studying and comparing countries or societies.

**stratification** is another central concept in Esping-Andersen (1990) who refers to it as the type of social structure which welfare programmes help to promote. In Esping-Andersen (1990) it is a composite measurement consisting of the degree of corporatism (e.g. number of distinct public pension schemes), etatism (pension expenditure on government employees), average levels of benefit universalism and benefit equality, plus spending on means-tested social expenditure, private pensions, and private healthcare.

**welfare regime** implies the existence of a certain logic of social policy provision, and specific configurations in which markets, states, and family (or households) interact in the provision of welfare in a given country. The World Bank, or International Bank for Reconstruction and Development, is one of the world’s largest sources of development assistance. It works with government agencies, nongovernmental organizations, and the private sector to formulate assistance strategies mainly to developing countries. As a consequence, it can have a considerable impact on social policy debates.

**Essay Questions**

1. Identify at least three different approaches to comparative social policy. Why are cross-national comparisons not always the most suitable way to conduct comparative social policy analyses?

2. What are the uses of comparative social policy analyses?

3. Characterize the process of social policy-making at EU level. What are the driving forces behind this process? What are the impediments to greater European social policy integration?

4. Use the internet, and in particular the Europa portal (http://europa.eu.int/), to find out about the Open Method of Coordination (OMC). Describe how it works and critically assess its impact on social policy-making across member states.