

Social Policy in the EU and the Role of the EU

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Lecture 2 – 17/02/2016

This lecture

- Expectations and evaluation
- Overview of course
- Introduction: Social Policy in Europe

Expectations & Evaluation

Goals:

- Insight into diversity of social situation & social policy in the EU
- Advanced knowledge of and better understand current role of EU in social domain
- To critically reflect upon what role the EU should play in the social field

Expectations & Evaluation

Role of EU in social domain

- Why is it difficult for Member States (MS) to agree on transferring considerable competences in social field to EU?
- How can we understand the expansion of the EU's social policy competences despite
 - a weak Treaty basis
 - MS' reluctance to transfer social policy competences?

Expectations & Evaluation

- Lectures
- Discussion in class: active involvement
- Proposal for a minimum income directive (1/3):
 - Group task
 - Debate at end of course
- Written exam 17 June & 22 June (2/3)

Expectations & Evaluation

Written paper: in English

Exam:

De studenten uit de Master sociologie en de Master beleidseconomie hebben het recht hebben om de vragen in het Nederlands te beantwoorden. De studenten van de Master of European Politics and Policies (master-na-master) moeten antwoorden in het Engels.

Students should answer the questions in English. However, Dutch-speaking students are entitled to take the examination in Dutch, except when they are enrolled in an Advanced Master's programme.

Expectations & Evaluation

Study material:

- Handbook: Anderson, K.M. (2015), Social Policy in the European Union, London: Palgrave.
 - Covers many social policy fields
 - Partial self-study
- Power points (to study) & other texts (background information) made available on Toledo



Expectations & Evaluation

Table of Contents:

1. Introduction
2. Explaining Social Policy-making in the EU
3. Social Policy and Multilevel Governance
4. Social Security and Pensions
5. Employment Policy
6. Vocational Training and Higher Education
7. Health Policy
8. Poverty and Social Inclusion
9. Conclusion



Expectations and evaluation

- The case of Greece (10/2)
- Introduction: Social policy (17/2)
- Governance of social policy in the EU (with Rudi Van Dam, 24/2)
- Poverty and social inclusion (2/3)
- The Minimum Income Directive proposal (Anne Van Lancker, 9/3)
- The Minimum Income Directive-bis. Why should the EU be involved in social policy? (16/3)
- Various policy areas (24/3 – 4/5)
- Debate on Minimum Income Directive (11/5)
- Q&A (18/5)

23 March => 25 March !!
27 April => 29 April !!



Lokaalnummer :	SW 00.113
Ruimtesoort :	Leslokaal
Capaciteit :	82
Oppervlakte :	152 m2
Gebouw :	122-01 SW Fac.Sociale Wetensch. - Alma2 Parkstraat 45 3000 LEUVEN

Lecture 2: Introduction to social policy in the EU

- How can we define public policy & social policy?
- What are its main characteristics?
- First glance at diversity in the EU

Outline

Social Policy

- Definition
- Objectives
- Instruments
- Welfare Regimes
- Social Expenditures

Public policy & Social Policy Definition

- Here:
 - at the macro level, by governmental actors
 - with a focus on social policy

Public policy & Social Policy Definition

Dye (1976:1)

“whatever governments choose to do
or not to do”

Public policy & Social Policy Definition

Mintrom & Williams (2013:4):

“public policies are considered to be any actions taken by governments that represent previously agreed responses to specified circumstances. Governments design public policies with the broad purpose of expanding the public good (Howlett 2011; Mintrom 2012).”

Public policy & Social Policy

Definition

Deleeck (2008):

“Het sociaal beleid is het optreden van de overheid met het oog op het behouden, scheppen of veranderen van sociale bestaans- en ontwikkelingsvoorwaarden van de burgers in functie van het algemeen welzijn”

≈ 'Social policy is the action taken by government with the aim of conserving, creating or changing the social preconditions of existence and development of the citizens, in function of the common good'

Public policy & Social Policy

Definition

Deleeck:

'Social policy is the action taken by government with the aim of conserving, creating or changing the social preconditions of existence and development of the citizens, in function of the common good'

=> A policy may consist in deciding not to do / change something

Public policy & Social Policy

Definition

Deleeck:

'Social policy is the action taken by government with the aim of conserving, creating or changing the social preconditions of existence and development of the citizens, in function of the common good'

– Creation and distribution of:

Human, social, political, financial, economic, cultural capital

≈ access to knowledge, government, benefits & allowances, judicial system, politics, means of production and consumption

Public policy & Social Policy

Definition

Deleeck:

'Social policy is the action taken by government with the aim of conserving, creating or changing the social preconditions of existence and development of its citizens, in function of the common good'

⇒ Who are the citizens?

⇒ Not companies?

⇒ What is the common good?

Public policy & Social Policy Definition

What is the common good?

Discuss in small groups

Public policy & Social Policy Definition

Dimensions of the common good

- Wishes and expectations of previous generations
- Only current generations? > Only voters?
- And future generations?
- Should concerns / interests of everyone receive the same weight?
- Which time horizon? (interest in the short-term / long term, at which discount rate?)

=> Central question in policy analysis: who gains, who loses?

Public policy & Social Policy Definition

Who gains, who loses?



Detecting winners and losers is a central aim of policy analysis

Public policy & Social Policy

Definition

- At the macro-level (entire population, target groups)
(trend: 'entangling' of welfare policy & social work with social policy at the macro level)
- Government, broadly defined
(trend: 'multi-level governance')
- Social fundamental rights (production and (re)distribution of public and private goods and services)
(trend: activation / responsabilisation, entitlements and liabilities)
- Ends-means relation (efficacy and efficiency)
(trend: evidence-based policy)
- Systematising and institutionalizing (law and order, social law)
(trend: changing behaviour)

Public policy & Social Policy Definition

Policy ≠ politics

- Policy = rational: Given the ends, decide on optimal allocation of means
- Politics = much less rational: context of power relations and ideology to determine ends

Public policy & Social Policy Definition

But are differences that clear cut? (modernism -> post-modernism?)

- Social policy is a matter of persuasion & bargaining (administration, local authorities, interest groups, public, ...), especially in era of 'networked governance', 'control loss' and contracting out, 'peer pressure' (cf. OMC)
- Vested interests in the use of some instruments / administrations rather than others (and policy as its own cause, e.g. pension system in Greece)
- Garbage can model: solutions looking for problems
- Satisficing rather than optimisation, bounded rationality, ...

Politics vs. Policy analysis

If politics are unavoidable for policy analysts, two key questions (Bovens et al., 2006: 328)

⇒ How can policy analysts maximize academic rigour without becoming politically irrelevant?

⇒ How can policy evaluations be policy relevant without being used politically?

Social Policy: objectives

- N. Barr (2010)
 - The robin hood function (vertical redistribution)
 - The piggy bank function (consumption-smoothing over the life cycle)
- Efficiency, equity, administrative feasibility

Social Policy: instruments

T.H. Marshall (1965: 7)

‘Social Policy’ is not a technical term with an exact meaning [...] it is taken to refer to the policy of governments with regard to action having a direct impact on the welfare of the citizens, by providing them with services or income. The central core consists, therefore, of

- Social insurance
- Public (or national) assistance,
- The health and welfare services,
- and housing policy.

Education obviously belongs, [...] [s]o also [...] the treatment of crime.”

Social Policy: Instruments

By sector:

- Income maintenance (insurance & assistance, social corrections in fiscal policy)
- Labour conditions (protection, collective bargaining power, employment)
- Health, Education & life-long learning
- Housing & wealth
- Leisure & culture, environment,
- Consumption (e.g. subsidies, cost compensations, price limits, social tariffs, minimum access,...)
- Facilitating / supporting social economy / social innovation?

Social Policy: Instruments

By target group (children, youth, elderly, family, ...)

'Pre-distribution' – Distribution – Redistribution

⇒ In this course we cover a limited selection of these...

⇒ ...and completely ignore fiscal policies...

⇒ Even though it should be clear that all areas have clear relevance for the distribution of economic resources, living standards and well-being

Social Policy: Instruments

Deleeck (2001: 355)

“[Social security can be defined as] the social institution that guarantees financial security in an industrial society when socially recognized situations of need (social risks or contingencies) occur.”⁶

Dimensions of social programmes

Dimension	Question	Important characteristics
Risk or contingency	What is the problem to solve?	New vs. old social risks Prevention vs. curative Poverty vs. income maintenance
Mode of access	Who is protected, who receives?	Universality vs. selectivity (matthew effects vs. targeting) Coverage, Caseload, Non-take up & leakage Conditionalities
Benefit structure	Who receives what and how much?	In-cash vs. in-kind Progressiveness Minima Means test Basis for calculation

Dimensions of social programmes (continued)

Dimension	Question	Important characteristics
Financing	Who pays?	Taxes vs. social contributions Direct vs. indirect taxes Basis for calculation (tax unit, taxable resources) Non-compliance Funded vs. pay as you go
Governance	Who determines? Who manages? Who administers? Who executes?	Role of the government Role of the private sector Role of the social partners and other interest groups Degree of centralisation

Often dimensions logically combine (e.g. social assistance, social insurance, demogrant)

Social Policy: Instruments

Social assistance

- Risk: social exclusion / destitution
- Mode of access => selective, means test + often behavioural conditionalities (e.g. job-searching, ...)
- Benefit structure => top up of income on the basis of means test
- Financing: general taxation, pay-as-you-go
- Administration: often local welfare administration, checking eligibility (means-test; behavioural requirements) often is burdensome

- Efficient in terms of targeting on the poor
- Stigma
- Non-take up

Social Policy: Instruments

Social insurance

- Risk: e.g. losing job, retirement, disability,...
- Mode of access: sufficient amount / period of social contributions (by employer, employee, or both; or by self-employed)
- Benefit structure: usually proportional to former wage / earnings, but may also be a flat-rate; usually with minimum and maximum benefit
- Financing: social contributions (but often also other sources), pay-as-you-go, funding, or mixture of both
- Administration: Requirement of collecting and archiving information on contribution records, employment and wages; more often centralised institutions; often co-management by social partners (esp. in continental Europe)
- Most vulnerable (esp. under-employed) not always covered
- Much less problems of non-take up or stigma

Why *social*? Compulsory for all (high- and low-risk groups), social contributions & benefit levels not linked to risk, but to (previous) wage

Social Policy: Instruments

Other instruments include:

- Demogrant (a universal system, with citizenship as the basic mode of access)
- National insurance (taxation as mode of access)
- Mandatory public savings (compulsory participation in national provident fund)
- Mandatory occupational savings (e.g. compulsory occupational pension arrangement by professional sector)
- Mandatory private/personal savings (e.g. compulsory participation in private pension fund)

Some examples of policy indicators

	Input	Output	Outcome
Financing	Tariff structure	Total taxes collected, average tax rate	Distribution of taxes
Mode of access	Legal retirement age	Average effective retirement age	Dependency ratio
Benefit structure	Theoretical benefit level	Average benefit level	Distribution of benefits among the population

Other important outcome indicators relate to:

Unemployment, average effective marginal tax rate, poverty, inequality, ...

Social Policy: Welfare Regimes

- Various characteristics of social policy arrangements often logically combine, even though much flexibility and tremendous variation
- Within social security, originally two broad traditions:
 - Beveridgean (social assistance, universality)
 - UK, IE, AUS, DK, NL,...
 - Bismarckian (social insurance, fragmentation)
 - DE, FR, BE, EL, ...

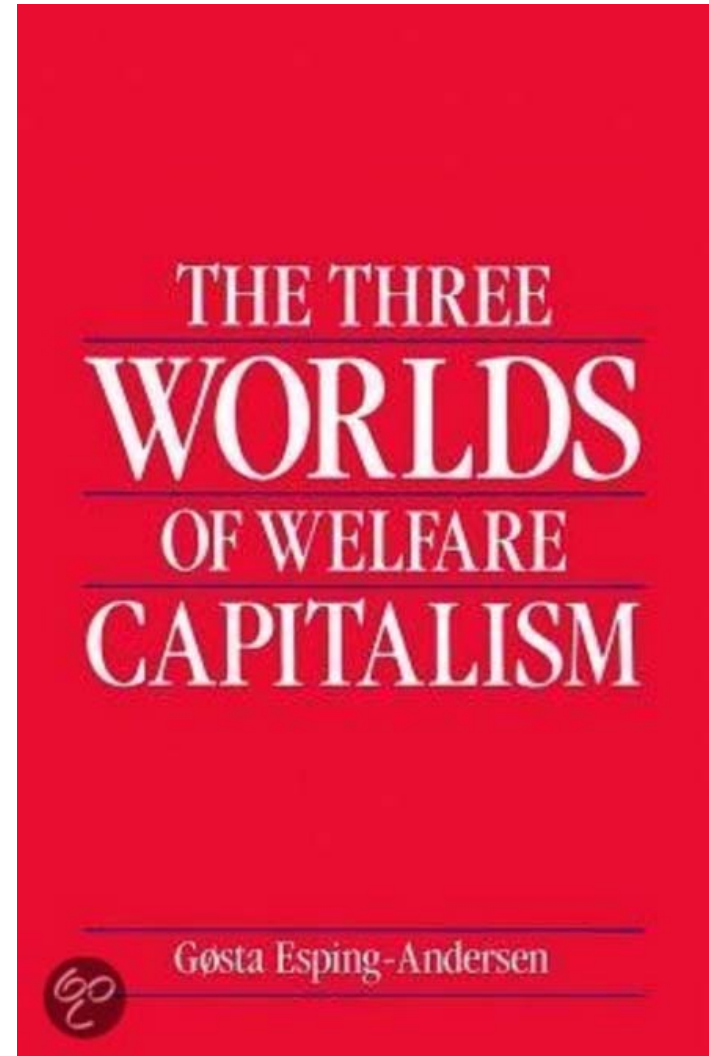
Social Policy: Welfare Regimes

Beveridgean (1942)	Bismarckian (1981)
<p>'universal' National insurance Citizenship Fixed contribution and taxes Flat-rate benefits Social assistance Statist</p> <p>+ additional private insurance essential</p> <p>Examples: UK, IE, AUS, DK, NL (+/-), ...</p>	<p>'social insurance' By professional category Employment Proportional social contributions Proportional benefits Limited social assistance (more recent) Social partners</p> <p>+ additional private insurance possible</p> <p>Examples: DE, FR, BE, EL, ...</p>

Cf. Deleeck, 2001: 356

Social Policy: Welfare regimes

- More recently: Esping-Andersen, G. (1990), *The Three Worlds of Welfare Capitalism*, Cambridge: Polity Press, 248p.
- Social policies cluster in groups of welfare states, corresponding to types of welfare regimes:
 - Division of labour between the state, the market and the family in producing and distributing welfare
 - The quality of social rights (right, labour market performance, or status)
 - Social stratification: universal, means-tested or occupational



Social Policy: Welfare Regimes

- The mixes determine the degree of de-commodification (cf. Karl Polanyi)
- Capitalism = the commodification of labour
- De-commodification =

“the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation” (Esping-Andersen, 1990: 37)

Social Policy: Welfare Regimes

Liberal welfare regime	Conservative regime	Social democratic welfare regime
Privileges the market, and family	Privileges the state and the family	Privileges the state
Relies on means-tested benefits, modest social insurance	Social insurances, which replicate employment divisions	Universal, state-financed benefits and services
Private and occupational alternatives to state welfare	State-provided or sponsored social services underdeveloped	Caring functions largely socialized
Examples: UK and IE	Examples: DE, BE, FR	Examples: DK, SE

Cf. Anderson, 2015: 18.

Social Policy: Welfare Regimes

- Regime type approach heavily criticised, but:
 - Still widely used as heuristic tool
 - Engendered large body of research ('welfare modelling business'; cf. Abrahamson, 1999)
 - In practice: excluding other types, important heterogeneities within, ignores importance of taxation (e.g. EITC); changes over time, and often no strong link with outcomes.
- => there is a need to look more in detail to individual policies, and how they vary cross-nationally

Social Policy: Welfare Regimes

- Southern Europe: 'mediterranean model': weak role for the state, universal access to health services, extreme occupational fragmentation, and important role for family
- Eastern Europe: originally conservative, now some more liberal-regime like: extensive social insurance commitments (esp. pensions), modest current social insurance, publicly mandated but privately provided welfare

Social Expenditures

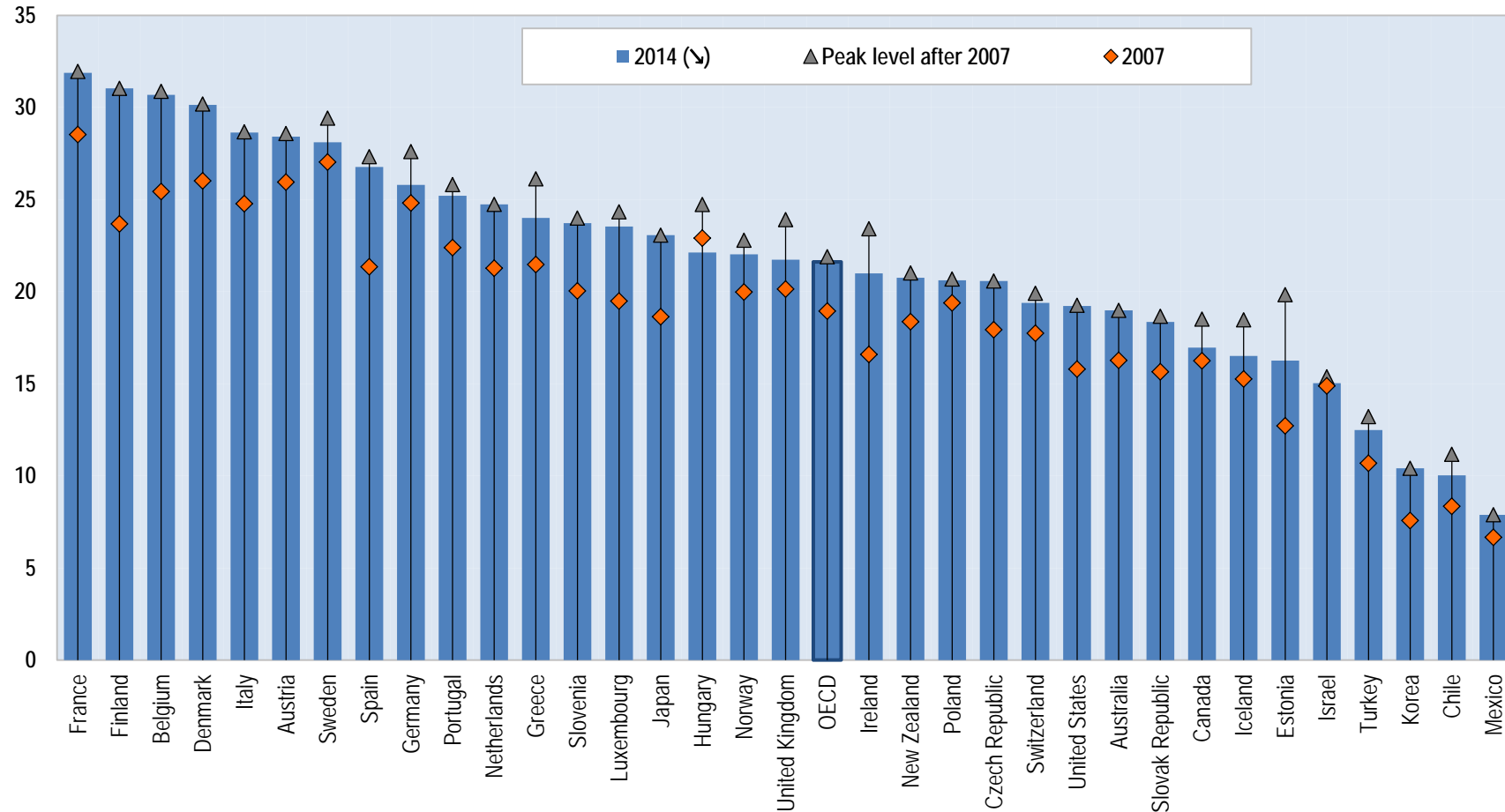
The budget is the skeleton of the state, stripped of all misleading ideologies... (Joseph Schumpeter 1918)

Social Expenditures

- Conflation of:
 - Tax-benefit rules
 - Condition of the population
 - Take up, compliance, ...
 - Trends in GDP

Social Policy: Some figures

Public social expenditure as a percent of GDP, 2007, peak level after 2007, and 2014 ^{1,2}

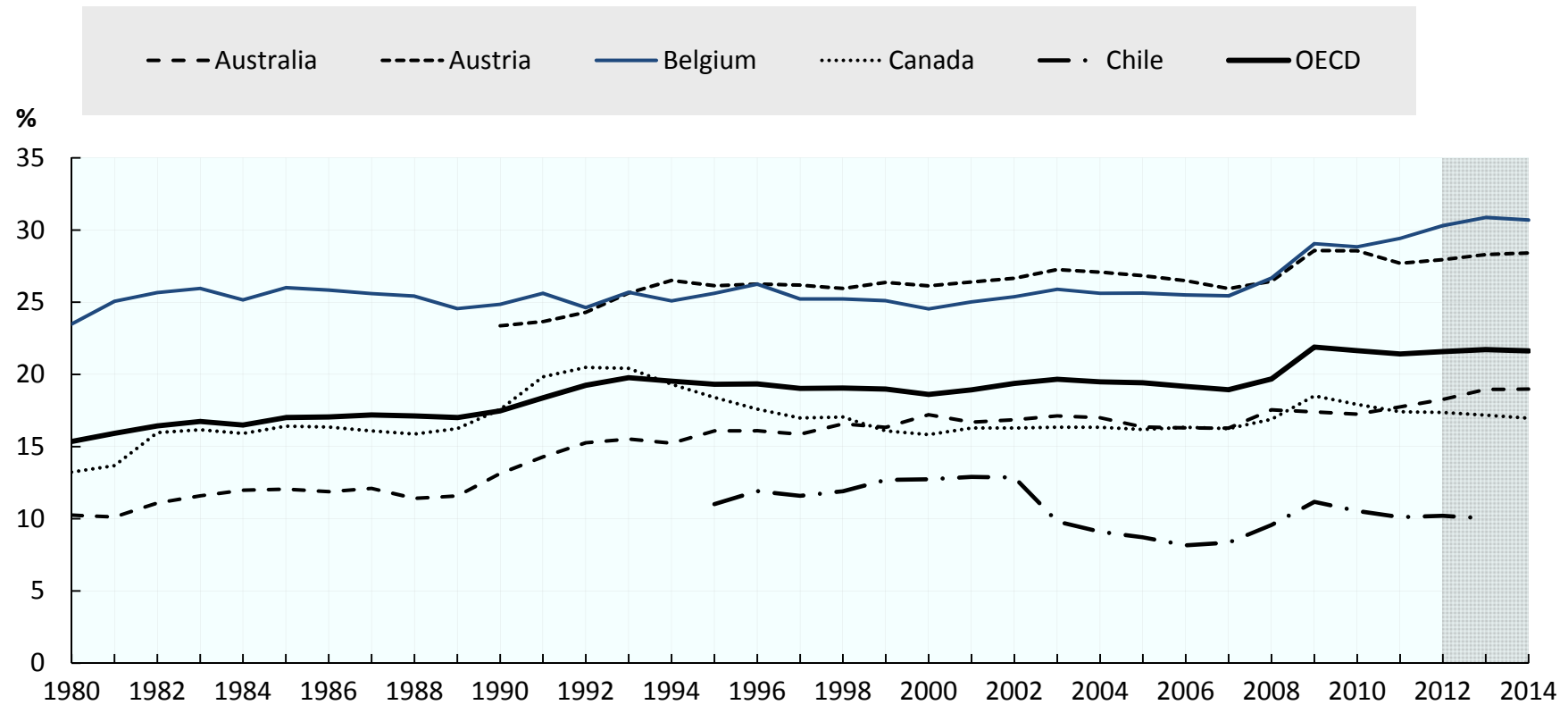


Source: OECD (2014), OECD Social Expenditure database, (www.oecd.org/social/expenditure.htm).

Social Policy: Some figures

Public social spending in selected OECD countries, in percentage of GDP, 1980-2014

Social spending aggregates based on detailed data for 1980-2011; national aggregates for 2012-2013 and estimates for 2014

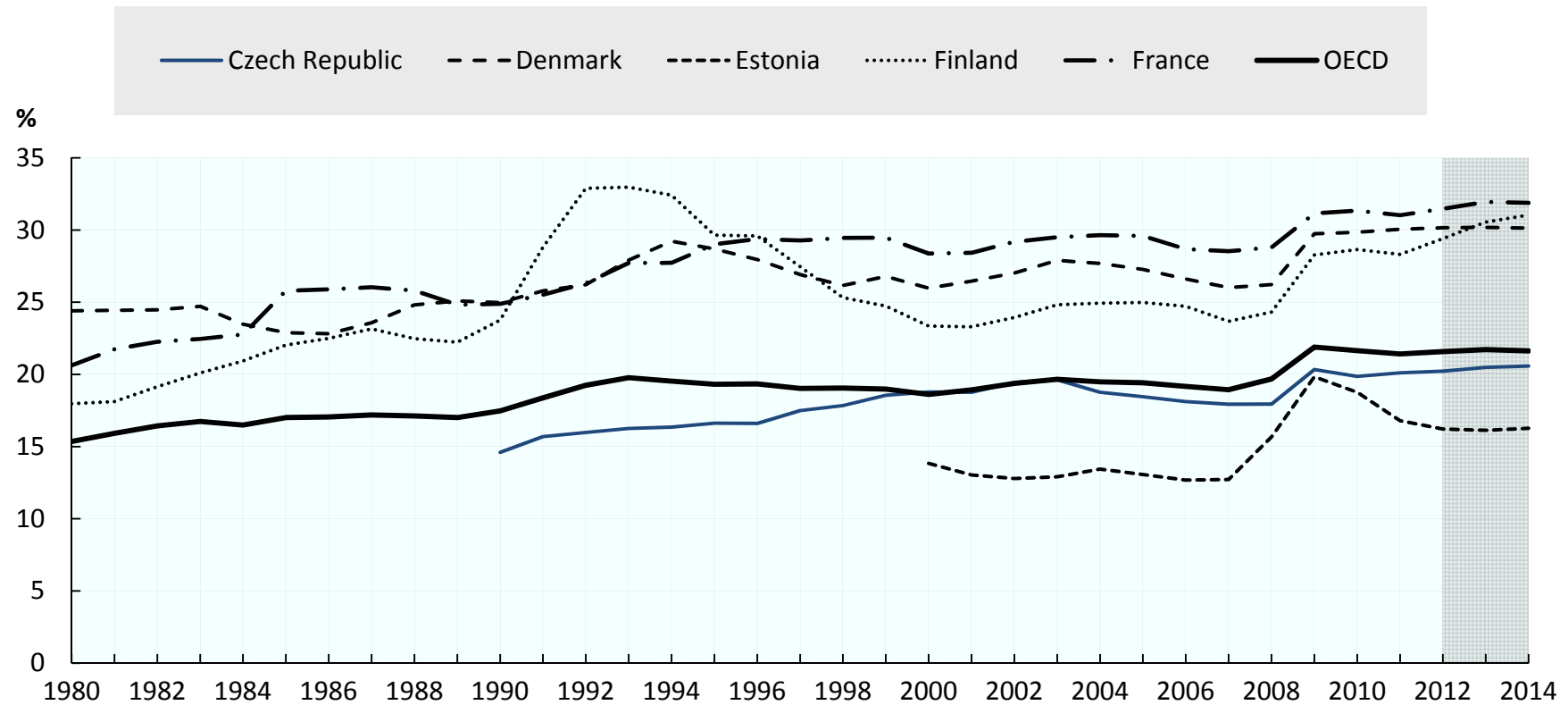


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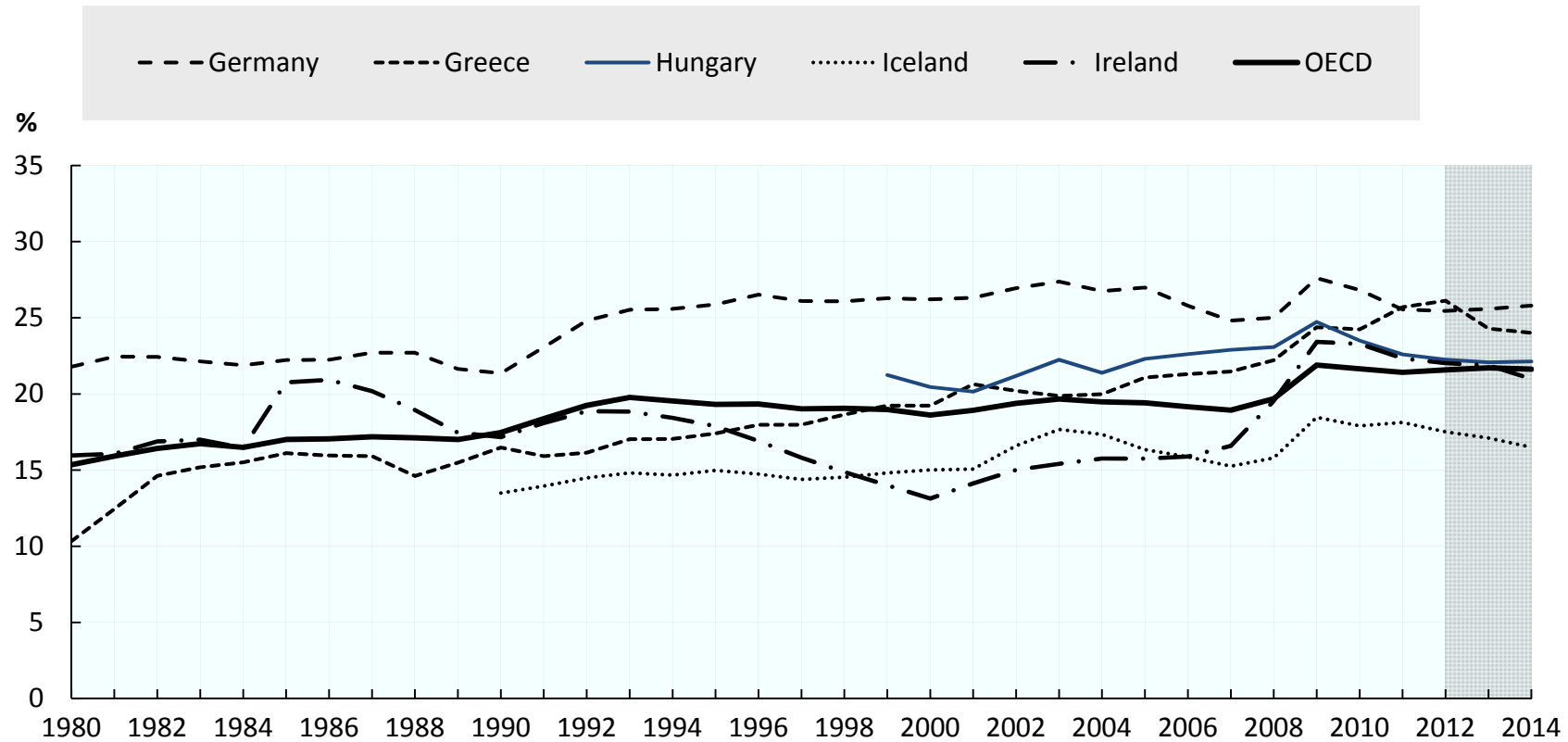


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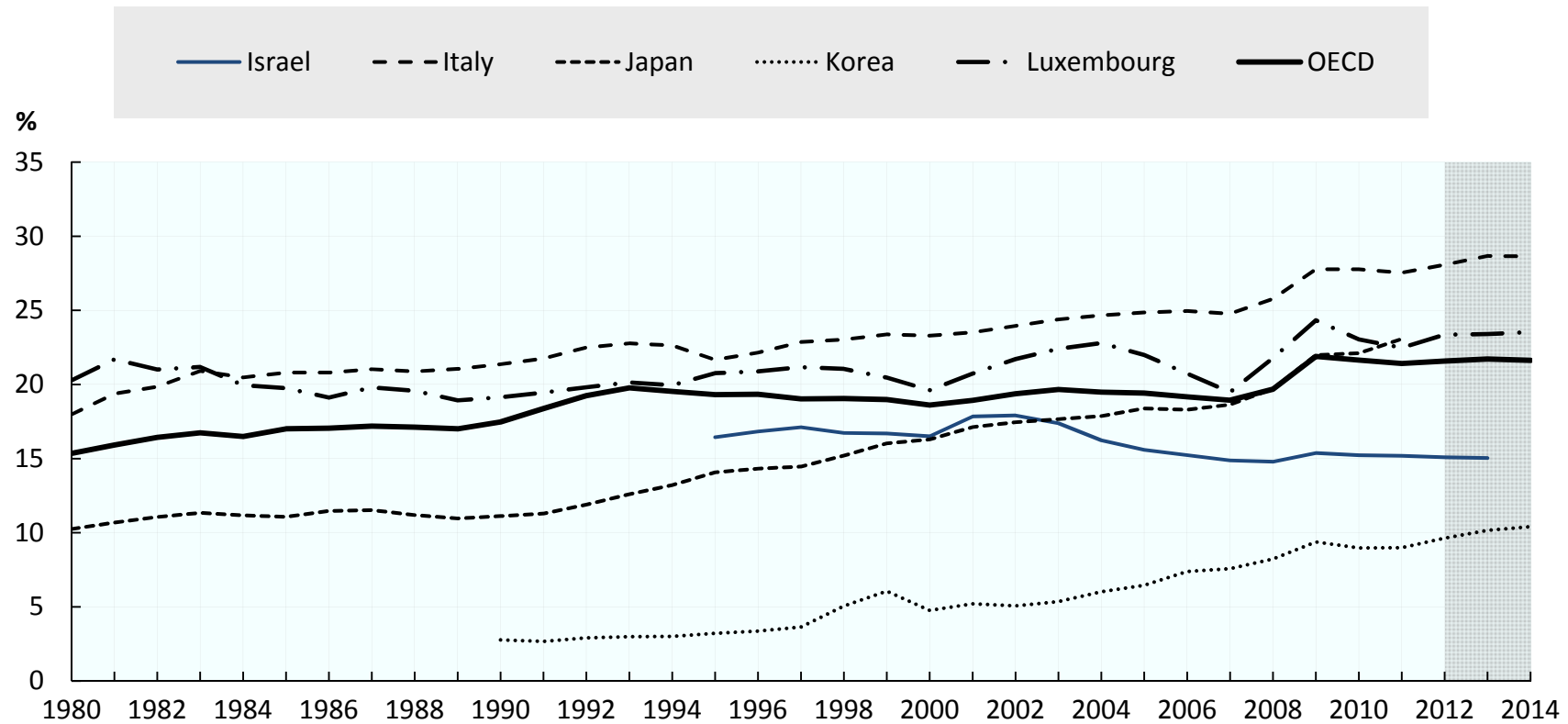


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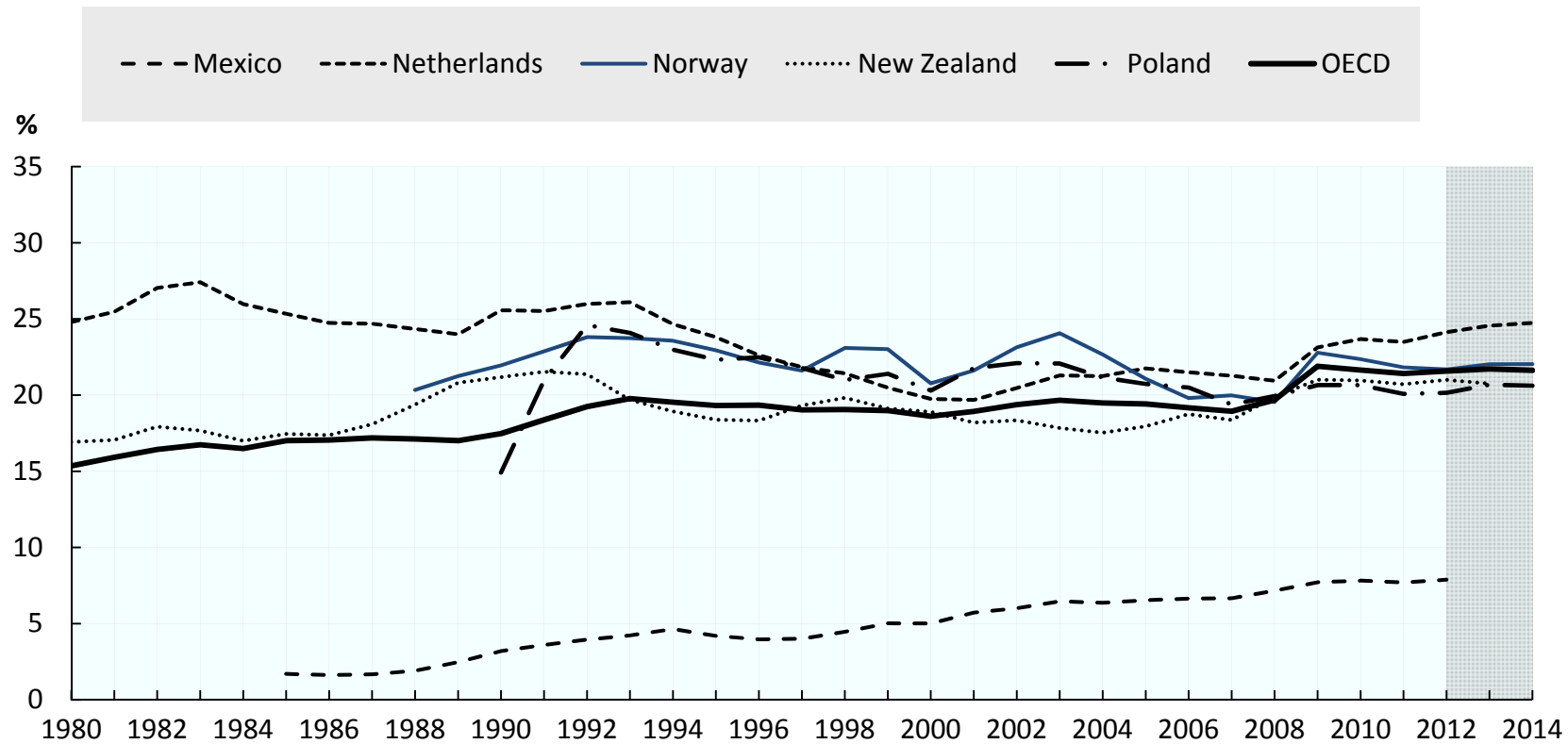


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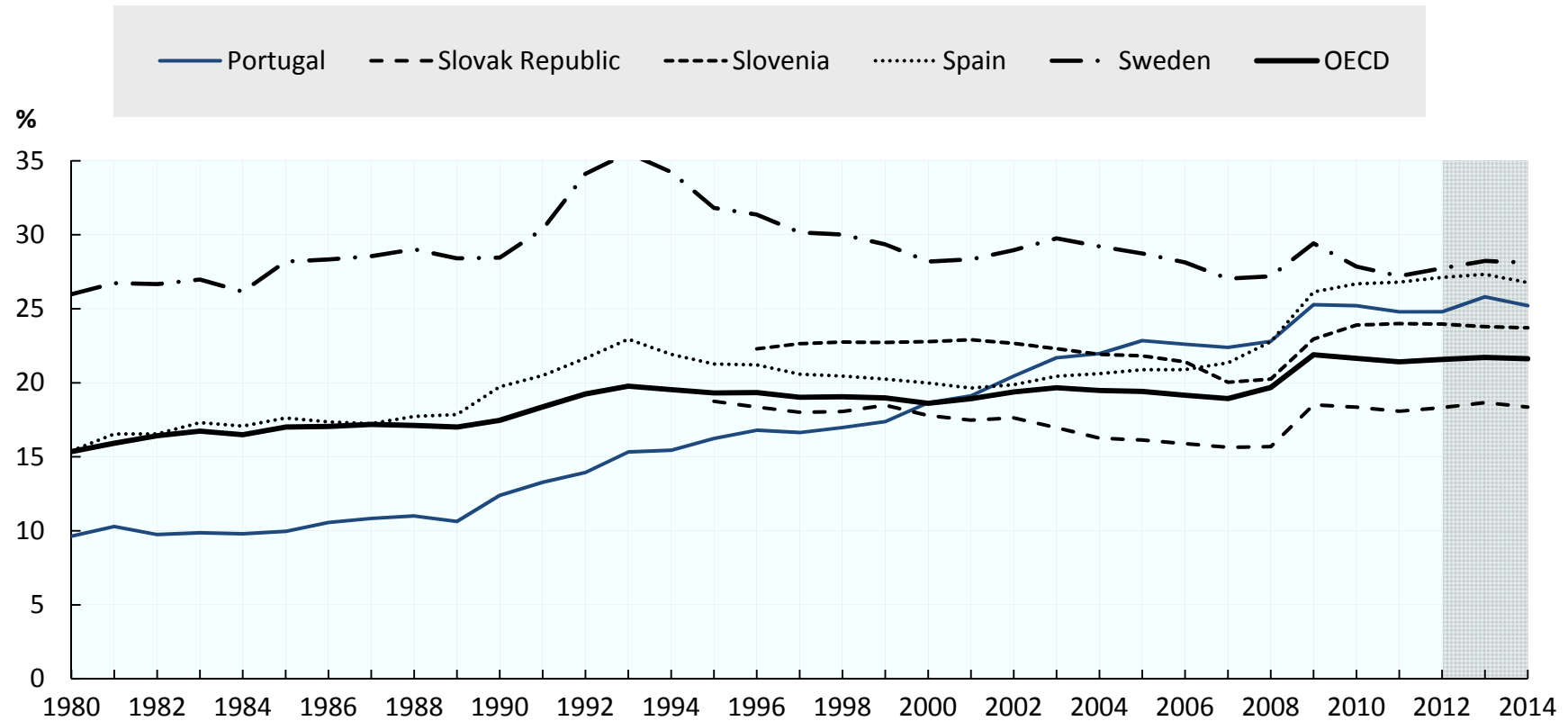


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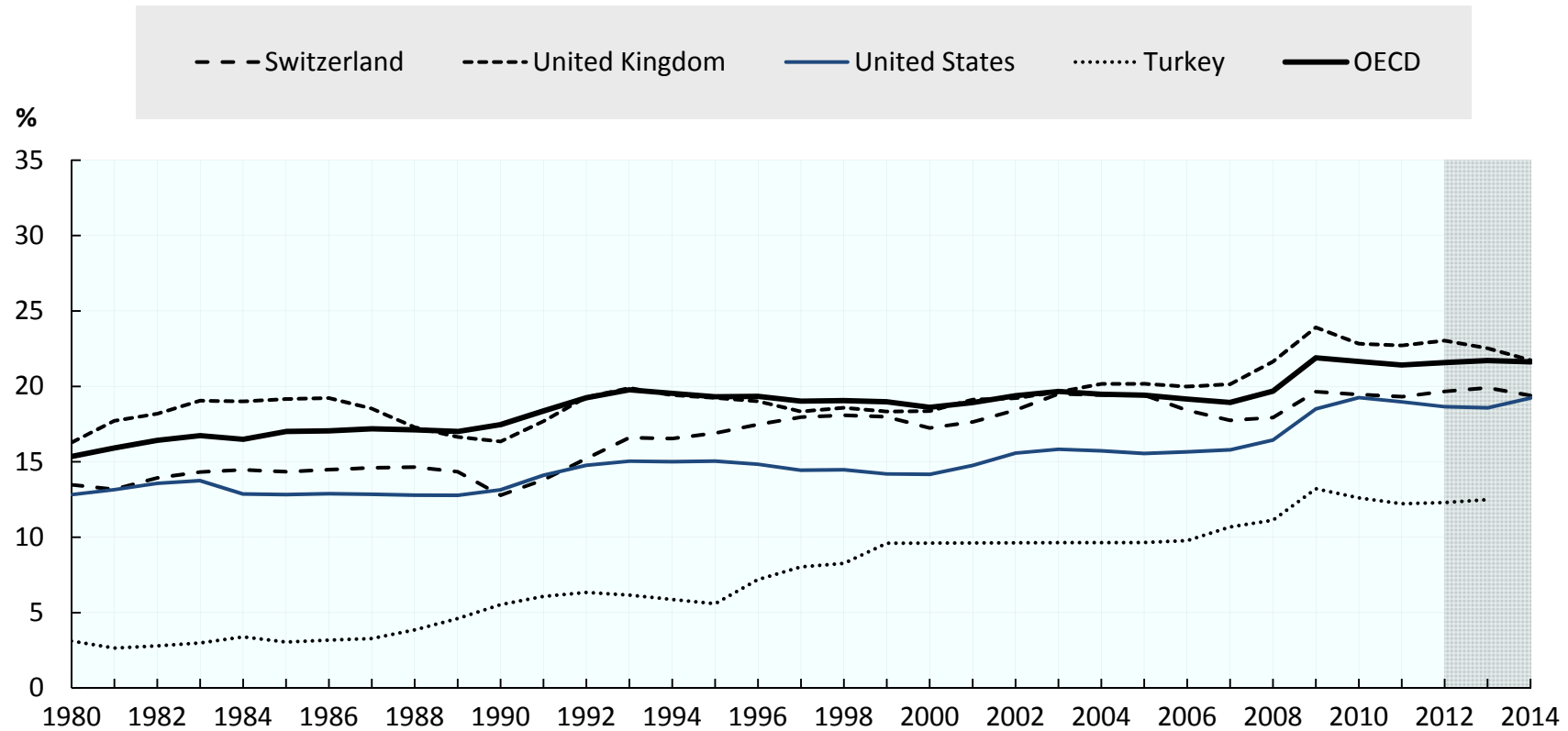


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Social Policy: Some figures

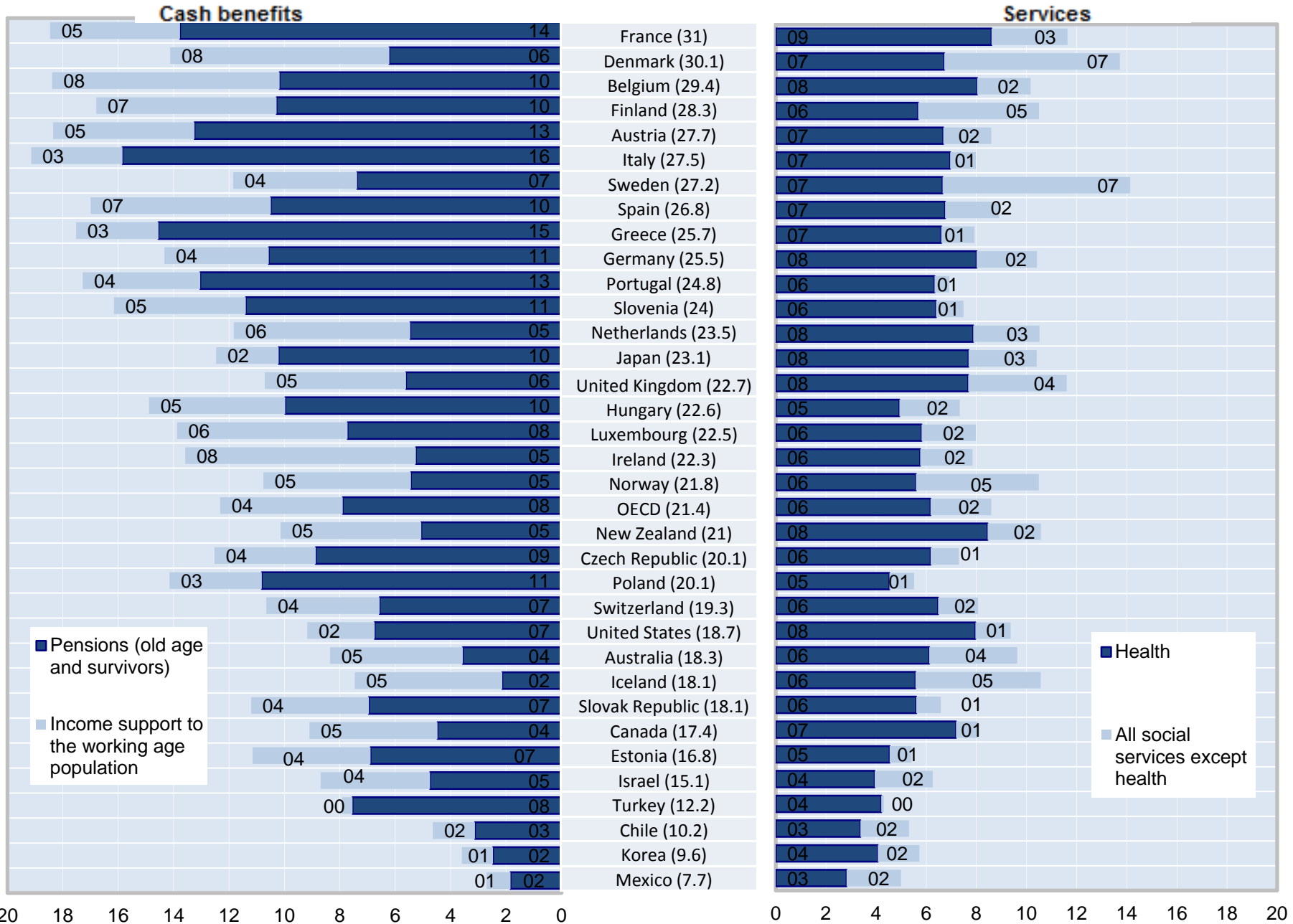
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Social spending aggregates based on detailed data for 1980-2011; national aggregates for 2012-2013 and estimates for 2014



Source: OECD (2014), OECD Social Expenditure database, (www.oecd.org/social/expenditure.htm).

Public social expenditure by broad social policy area, as a percent of GDP, in 2012 or latest year available¹

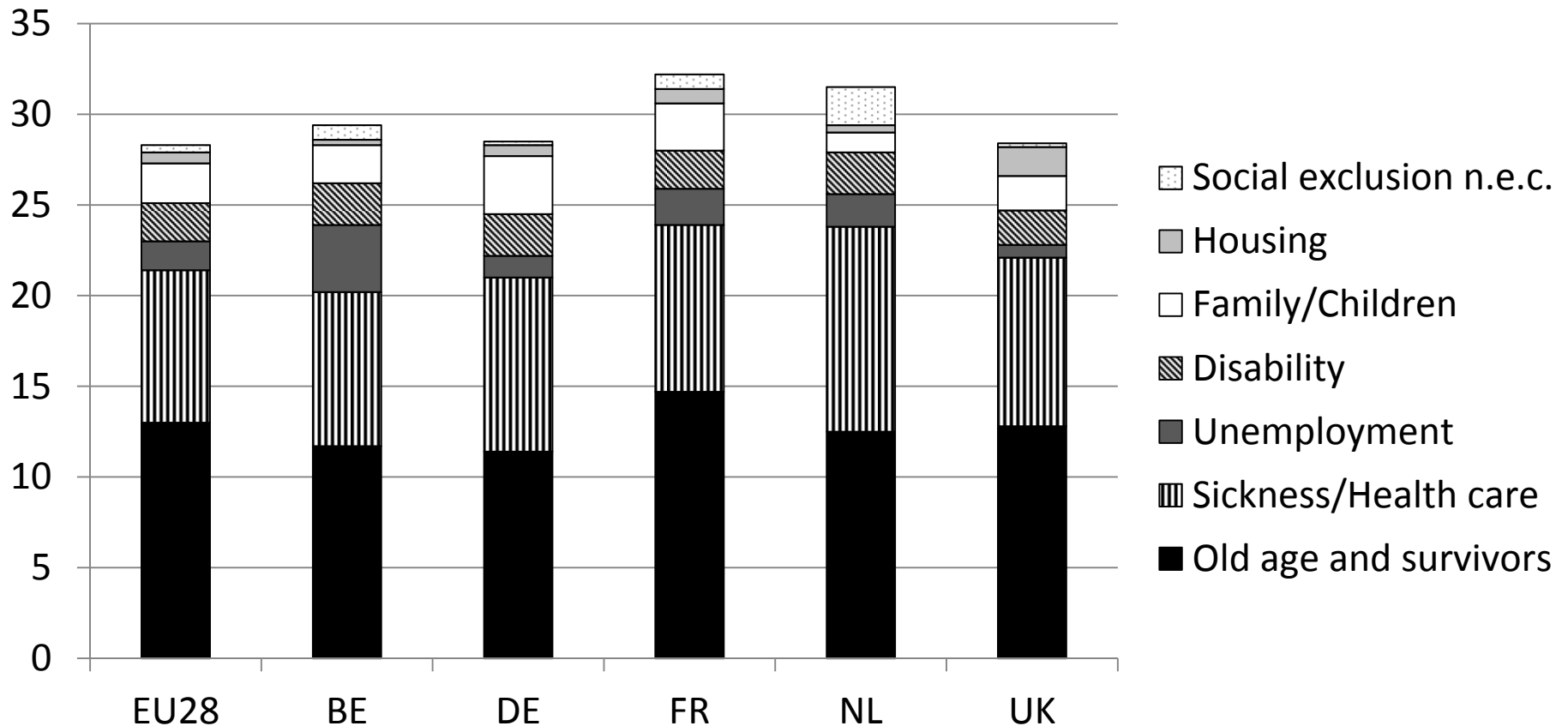


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Social Policy: Some figures

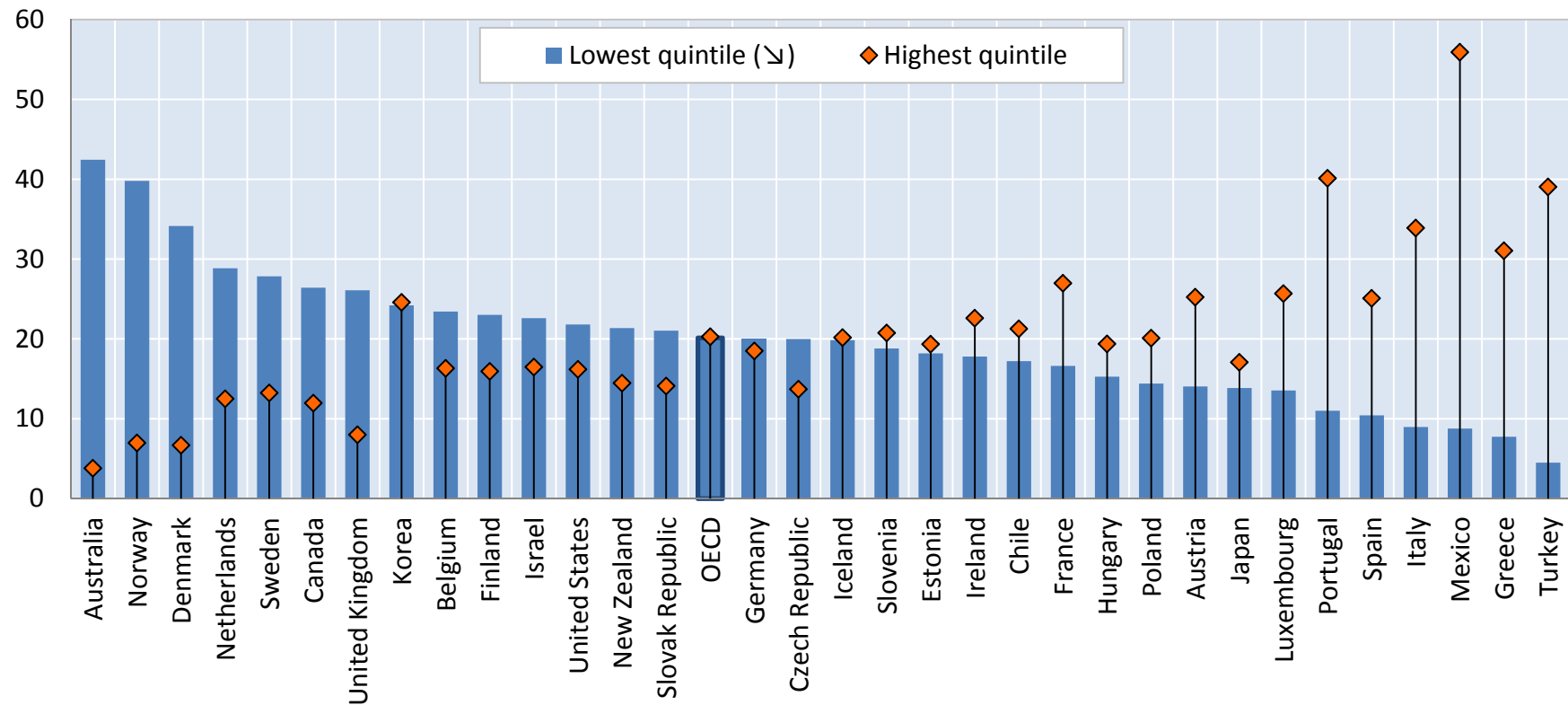
- How much is spent on each sector?

Social expenditures as % of GDP by sector, 2012 (ESSPROS)



Social Policy: Some figures

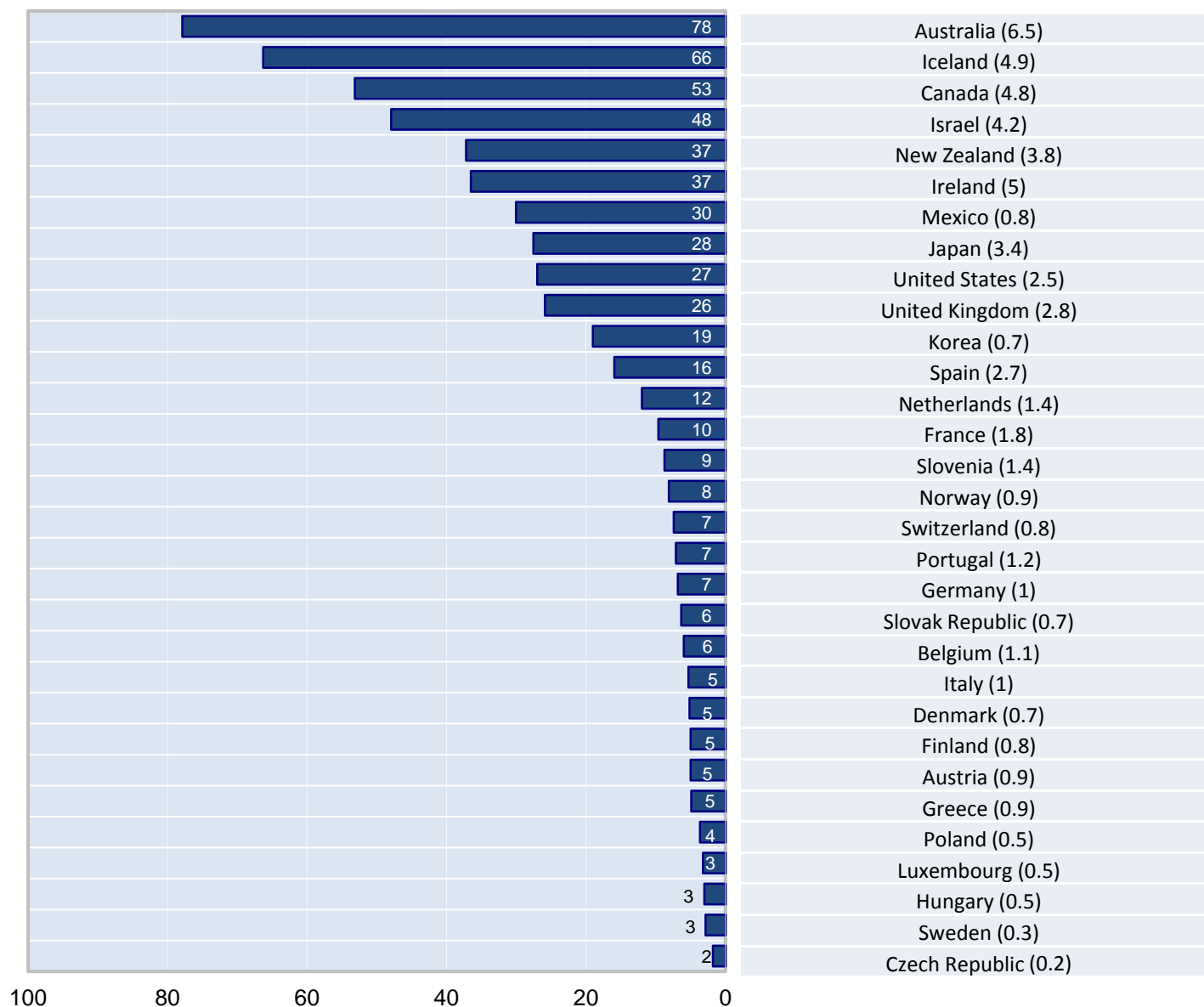
Percentage of public social benefits in cash paid to the lowest and highest quintiles, total population, 2011



Note: Lowest/highest quintile is defined as 20% of the population living the lowest/highest equivalised disposable income.

Source: Calculations from OECD Income Distribution database, via <http://oe.cd/idd>.

Public spending on income and means-test benefits as a percent of public social spending on cash benefits (and GDP in brackets), 2012 or latest year available



Source : OECD (2014), OECD Social Expenditure database, (www.oecd.org/social/expenditure.htm).

Some points to remember

- Social policy is not easily defined, it is about what governments do, and choose not to do
- Answering the question regarding 'the common good', is crucial for evaluating the fairness of public policy
- Risk, mode of access, benefit structure, financing and governance are important dimensions of social policies
- There are substantial differences in design of social policies in the EU, and how much governments spend on social policies

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