**Socio-economic Convergence, European Integration, Europeanization and the European Social Model**

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## Socio-economic Convergence, European Integration, Europeanization and the European and the European Social Model

The Renewed Social Agenda issued by the European Commission in July 2008 points to the EU's limited powers and responsibilities in the social field and the fact that actions in this area 'are primarily the responsibility of the Member States and have to be taken closest to the citizen at national and sub-national level' but argues that the EU can make a difference to people's lives by working with Member States and stakeholders and that it has successfully done so over the past 50 years:

> by stimulating growth and jobs in a sound macroeconomic policy framework, promoting gender equality, fighting discrimination, fostering social partnership, improving working conditions, and ensuring social cohesion by tackling regional inequalities and assisting adjustment to economic change. (European Commission 2008: 3).

Furthermore, it argues that '[t]he European story has been a successful process of "social convergence" as the economies of the acceding Member States have strengthened, even if this process is still underway' (4 emphasis in original). What is meant by "social convergence" is not spelled out.

The European Union is a particularly interesting site for analysis of convergence as a concept and process. On the one hand, upward economic and social convergence is an explicit objective of European integration and references to it are pervasive in EU documents. On the other hand, downward convergence in the social policy area is identified as a probable negative unintended consequence of action on economic integration and more broadly as a response to the pressure of globalization forces. What is common to both is a vague connotative usage of the convergence concept which is intensified when used to address change over time in the 'European Social Model' which has an equally variable connotation. Complicating the scenario is the concept of Europeanization which is sometimes mistakenly used synonymously with convergence. The objective of this paper is to review evidence of convergence or its absence in key dimensions of social policy in the European Union taking into account the Europeanization or not of these dimensions. The first part of this paper discusses the conceptualization and measurement of convergence and identifies it as a process effect that must be measured over time and that may be manifested in a number of variants. This is followed by a brief review of the European Social Model and associated terminology in the context of the evidence of multiple welfare regimes at member states level. The section concludes with an outline of types of European integration and the distinction between European integration and Europeanization in the context of globalization as a force for convergence. Informed by the conclusions of this review the second part of the paper focuses on evidence relating to types of convergence in EU welfare states with particular focus on employment targets and gender equality as areas where EU level social policy has been directed and asks how these are linked to Europeanization. Taking account of the advocacy of convergence in economic, employment and social outcomes in Council and Commission documents the third part of the paper explores the implications of the power relations within and between European institutions for the balance between economic performance objectives and social policy objectives and the type of convergence that characterizes the EU. .The paper concludes with a brief comment on the implications of the analysis for conceptualizing welfare state change in the context of regime diversity and supra-national influences.

## I. Convergence, the 'European Social Model' and European Integration and

The common element in all definitions of convergence is the concept of increasing similarity, whether this be societal or policy level (Kerr 1983; Knill 2005; see O'Connor 2007 for review). But similarity is an ambiguous and subjective concept without clear cut-off points (Seeliger 1996: 289). Overcoming this ambiguity calls for specification of 'what' is converging, the period of time over which change is measured and how it is to be measured.

### I.1 Measurement and Types of Convergence

Taking a denotative and potentially measurable approach, convergence is indicated if the difference between units, which may be societies, policies, dimensions of policies, policy outcomes or norms, in time $t_2$ is less than the difference in time $t_1$; divergence is indicated if the difference is greater.[1] The type of policy issue, the policy dimensions and the length of their typical policy cycle are all relevant for deciding on the appropriate time frame for assessing convergence.

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1 While societal level analyses focuses on macro-level causal forces such as industrialization and globalization, this level of explanation 'bears the risk of obscuring analytically distinct processes that contribute to policy convergence' (Busch and Jőrgens 2005: 862). A similar argument was made by Bennett (1991: 217) in support of his decision to focus on policy convergence in his widely cited review of convergence.

Even when clearly defined, convergence is not a homogeneous process. The two most widely identified types of convergence are decreasing variation over time and catch-up by laggards on leaders over time. In quantitative terms these are identified respectively as sigma convergence (σ), and beta convergence (β). Sigma convergence is measured using the standard deviation or coefficient of variation; for example we may wish to measure the extent to which variation decreases over time in the European Union15 or 27; here we are talking about the variation across the entire 15 or 27 at different times. This must be supplemented by examination of the patterns for individual countries – to what extent are individual countries converging or diverging; are some countries contributing disproportionately to the overall pattern. A necessary condition for the existence of sigma-convergence is catch-up by some units or beta convergence (β) but the opposite is not necessary, that is we could find catch-up by some units without a decrease in overall variation. Catch-up convergence is measured by correlation or regression analysis demonstrating for example that the per capita income at a certain time is negatively associated with the level of per capita income at an earlier period and positively associated with exogenous variables influencing the growth of per capita income. Improvement in the position of the Cohesion Countries relative to EU15 in GDP per capita or of the 2004 and 2007 accession countries relative to EU27 GDP per capita over time would exemplify catch-up convergence. Although not widely used in welfare state analysis, mobility of units exemplifying a change in ranking over time may assist in specifying the type of change that is taking place for example within the European Union over time.[2] These distinctions are important for interpretation of results of convergence analysis and particularly in making comparisons across studies. Specification of the type of convergence, for example a decrease in variation or catch-up by laggards, is theoretically and empirically important in analysing and explaining the nature of the change taking place.

### I.2 The European Social Model and Member State Social Policy Regimes

Social policy in the European Union is largely a Member State responsibility but there is an EU dimension. EU social policy, Social Europe and the European Social Model are widely and loosely used terms. In this regard three points are noteworthy and all date back to the 1994 White Paper , *European Social Policy: A Way Forward*

2. This is identified by Heichel, Pape and Somerer (2005) as gamma-convergence (γ). They also identify delta-convergence (δ) to describe the minimizing of distance from an exemplary model, for example, as promoted by an international organization.

*for the Union*.. First, the European Social Model (ESM) is not a reality in the sense in which we think of national welfare states, it is an overarching aspirational model reflecting the broad parameters to which EU welfare states conform. The White Paper pointed to the shared core values underlying the European social model as 'democracy and individual rights, free collective bargaining, the market economy, equality of opportunity for all and social welfare and solidarity' (European Commission, 1994: 9). This emphasis on shared values is a pervasive theme in references to the ESM and is reflected in the 2000 Nice Euroepean Council statement that elaborated in terms of policy characteristics:

> The European social model, characterized in particular by systems that offer a high level of social protection, by the importance of the social dialogue and by services of general interest covering activities vital for social cohesion, is today based beyond the diversity of the Member States' social systems, on a common core of values. (European Council Nice 2000: 3)

While the ESM is used at this relatively abstract sense as a shorthand to encompass the EU welfare states or at least the EU15 welfare states in Council and Commission documents and statements, the term is also used in an ideological sense as a contrast to the United States (European Parliament 2006; ETUC 2005) or even more generally the 'North American or neo-liberal model' (Diamond 2006)[3] The latter contrast is disputed by many analysts who identify strong neo-liberal influences in the EU social agenda and see these increasing over time due to the EU emphasis on competitiveness and the impact of European Court of Justice rulings (for example, Jessop 2002; Shierup, Hansen and Castles 2007: 48-80; Scharpf 2006; 2009). Despite use of the ESM terminology, most analysts of EU social policy point to the different social policy models at the member state level, identifying at least four and possibly more since enlargement (for example, Begg, Draxler and Mortensen 2008 and Sapir 2006). This diversity has implications for policy developments in different areas and for the analysis of convergence.

The 1994 White Paper called for the adaptation of the European Social Model to underpin the process of change and ensure 'a unique blend of economic well-being, social cohesiveness and high overall quality of life' (European Commission, 1994.: 7). .This linkage of economic and social policy is even more strongly evident in the subsequent treaties and in Commission and Council documents, including the *Social Policy Agenda* (European Commission, 2000).. And this is where we find a

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3 Alber argues that '[i]n most respects we find the United States located well withing the social space spanning the societies of Europe' (2006: 411) but this is sustained only for the EU25.

crossover to actual EU level social policy as reflected in the second point which is that social policy at the EU level is strongly employment anchored (O’Connor 2005). This reflects the idea of a policy triangle involving the mutually and positively reinforcing interaction of economic, employment and social policies as envisaged in several Council and Commission documents including the *Social Policy Agenda* which made a commitment ‘to mobilise all players to attain that strategic objective’ (European Commission, 2000). In this context the Commission identifies social protection as a productive factor in the EU’s economic performance, that is, as a system that should be supportive of employment policy. This has been a very strong theme in the review of the Lisbon Strategy and is central to the flexicurity approach European Commission 2007). But these documents generally fail to specify how the desired outcome might be achieved and do not examine the potential contradictions between economic, more specifically competitiveness, objectives and social objectives. Others note the inattention to social justice and welfare in any substantive sense despite superficial commitments to their importance in several key documents throughout the 2000s:

> Although the Lisbon Agenda, Sapir report, Kok report and other similar contributions all talk about the ESM, social exclusion and so forth, they … lack a systematic discussion of how the innovations they propose can be reconciled with *social justice and welfare*. (Giddens 2005: 103 emphasis in original).[4]

The affirmation in the 1994 While Paper that progress on its commitment to minimum standards that all should achieve would depend on national circumstances as is required by the commitment to subsidiarity in EU treaties informs the third point, that is, that EU level social policy/Social Europe is a work in progress which is constantly contested. It reflects at least two tensions, one between aspirations and statements of values negotiated between different divisions within the EU Commission, which were particularly evident during the mid-term review of the Lisbon Strategy, and a second between social policy aspirations expressed at the EU level and the subsidiarity rights of Member States. EU social policy aspirations and statements have gone through many stages and iterations over the decades since the Treaty of Rome; a key one in the present context is the 2000 Lisbon Council and the associated Strategy and subsequent reviews of progress which highlighted differences in emphasis between economic and social divisions within the

4 Sapir et al 2004; European Commission 2004a.

Commission (O'Connor 2008). [5] The intensity of the tension relating to subsidiarity, while constant, and particularly marked in relation to social policy, has ebbed and flowed in response to variations in Member State political configurations . It is of course central to the process of European integration, reflects and is reflected in positive and negative integration and varying levels of Europeanization across policy areas.

### I.3 European Integration and Europeanization

Europeanization is variously defined and often used synonymously not only with European integration but mistakenly with convergence and harmonization. Europeanization is not convergence – but convergence can be a consequence; it is not synonymous with harmonisation – harmonisation reduces diversity, Europeanization may or may not.. In early studies Europeanization was interpreted as a top-down process but most contemporary approaches to Europeanization recognize that it has to do with adaptation at Member State level to EU processes and policies. Radaelli identifies Europeanization as 'concerned with what happens once EU institutions are in place and produce their effects'; as distinct from the process leading to EU policy formation - it is 'the reverberation of that policy in national arenas' (Radaelli 2003: 33-34). The magnitude of these reverberations vary depending on the response of domestic actors and this may vary across policy areas. This freedom of action varies depending on whether we are concerned with negative or positive integration but may also vary depending on the policy area.

Europeanization is used in this paper in the sense of change by and in member states to meet the requirements and/or consequences of European integration. Suffice to say here in relation to the European integration-Europeanization-convergence link that its examination requires recognition of the mechanisms underlying European integration, namely, positive and negative integration (Scharpf, 1998) and framing mechanisms including the Open Method of Coordination (OMC). Positive integration refers to action taken by the Union to bring member state's policies and practices into conformity with a European institutional model, for example directives on environmental protection, health and safety, consumer protection and gender equality. Europeanization refers to the

5 The differece between 'socially-oriented' and 'economically-oriented' actors within the European Commission and the wider EU community has been noted by several analysts (e.g. Guillén and Palier 2004; Pochet 2005). Pochet includes trade unions, centre-left governments and Members of the European Parliament in the former group and centre-right governments in the latter (op.cit.: 38).

incorporation of these into the domestic framework but this is not just a matter of transposition which may reflect a formal level of Europeanization. A key issue relates to whether or not, and to what extent, application and enforcement follow (Falkner et al 2005; Leiber 2007; Falkner and Treib 2008). Negative integration refers to the removal of barriers to EU integration, specifically removal of barriers to competition to facilitate the single market; this may change the distribution of power and resources between actors in member states. Negative integration is strengthened by European Court of Justice rulings ensuring member state compliance with the removal of barriers to competition. These may impact on those social policy areas, such as health insurance, where a market dimension exists and where competition issues arise (Leibfried and Pierson, 2000). Privatisation of other social and health areas will widen their range of influence and may constrain traditional social-policy-making capacity and increase pressure for convergence in strategies if not in principles and these may lead to downward convergence in outcomes. The tension between positive and negative integration is discussed further in the Discussion section where the issue of services of general interest is also considered.

Rather than mandating particular changes, as in positive integration or altering the domestic situation to facilitate integration as in negative integration measures, framing integration alters the domestic frame of reference. Some analysts interpret this as making the domestic environment more supportive of future changes, for example some recommendations and directives that can be transposed through relatively symbolic action may change the domestic frame of reference and the context within which future directives demanding greater change will be debated (Knill and Lehmkull 1999).[6] Framing results from the working out of positive integration measures such as directives but increasingly in the social policy area it may also result from 'facilitated coordination' which is the term used by Bulmer and Radaelli (2005) to refer to the broad range of mechanisms of coordination where the EU institutions have relatively weak powers and where the concern is with the convergence of ideas. These include political declarations as at Council summits and/or soft law which are not legally enforceable but are directed to influencing policy practice. The OMC, which is based on soft law mechanisms such as guidelines,

6. The concept of framing is used in a related but stronger and more encompassing sense by Liebert and colleagues in their studies of gender equality directives which they conclude have enhanced convergence without harmonization of EU member states policy frameworks (Liebert (ed) 2003).Liebert and colleagues define Europeanisation as 'transnational processes conducive to shared frameworks, such that, as Helen Wallace puts it, "a European dimensions becomes an embedded feature which frames politics and policy within the European states"' (Wallace 2000: 370) (Liebert 2003: 14).

indicators, benchmarking and sharing of best practice and voluntary compliance, to which EU Member States have committed themselves, is an increasingly important example of facilitated coordination or framing integration in the EU. The OMC was initiated in 1997 in relation to employment and subsequently extended to other areas including poverty and social exclusion, pensions and health and social care. Already it has generated a huge literature and contradictory conclusions relating to its potential for Europeanization and the convergence of social policy goals and outcomes (Scharpf 2002; Borrás and Jacobsson 2004; Hemerijck and Berghman 2004; O’Connor 2005; Zeitlin, Pochet and Magnusson, 2005; Friedrich 2006; Heidenreich and Zeitlin 2009).

### I.4 European Integration and Globalization

Examination of the European integration-Europeanization-convergence link is subject to the same caveats relating to causality as any investigation of convergence with the added dimension of the European integration-Europeanization-globalization link. Globalisation and Europeanization are frequently identified as key causes of convergence - even more frequently a globalisation–convergence and/or a Europeanization-convergence link is implied - but exactly how the causal link operates is rarely specified.

Globalization is being used here to refer to the ‘transformation in the spatial organisation of social relations and transactions – assessed in terms of their extensity, intensity, velocity and impact – generating transcontinental or interregional flows and networks of activity, interaction and the exercise of power’ (Held et al 1999: 16). European integration and the resulting Europeanization can be seen as defensive strategy in the context of globalization and associated neoliberalism. This is not to deny the evidence of neoliberalism in European Union policy-making (Wincott 2003). It recognizes the fact that globalization can be seen as a threat to the European social model and that Europeanization has been identified as a filter for globalisation (Wallace 2000: 381). The Globalization Fund is a good example of EU reaction to globalization. Yet it is important to recognize that the demonstration of causal links between globalization and downward pressure on welfare services and expenditure cannot be unambiguously demonstrated (Starke, Obinger and Castles 2008). Furthermore, the relative importance not only of European integration and globalisation but also of domestic political factors may vary between countries, over time and depending on the policy area.

## II. Convergence as an objective and as an unintended consequence of European Integration

In broad terms we can identify references to two types of convergence in the EU: on the one hand, references to upward economic and social convergence as an objective of European integration are pervasive in EU documents. These are most explicit in the convergence criteria established by the Maastricht Treaty of 1992 and in the Convergence Reports by the Commission and European Central Bank, published in the European Economy at least every two years examining whether Member States meet the conditions for single currency adoption (for example, European Commission 2008a). But convergence is a pervasive theme in all EU treaties and key policy statements (for example European Commission 1994, 2000, 2003, 2004b and b, 2005a). These generally refer explicitly to catch-up by poorer countries and imply upward convergence in outcomes or refer to the achievement of targets by all member states, for example the employment targets identified in the Lisbon Strategy. The process by which these outcomes are to be achieved is not specified. Consistent with the primacy of subsidiarity, identical policy processes are not the objectives of convergence in the European Union – the interest is in convergence of policy objectives and outcomes as reflected in key structural and social indicators not harmonization of implementation mechanisms. Convergence of social protection objectives and policies was the subject of a recommendation of the European Council in 1992 (92/442/EEC). This was a compromise recommendation in place of a proposal for harmonization which has consistently been resisted in the social policy area by most Member States (Chassard 2001). Convergence in social protection objectives was also stressed in the 1994 White Paper on Social Policy, later papers on modernizing social protection and the 2000 Social Policy Agenda (European Commission 1994, 1997, 1999, 2000).

A second usage of convergence in relation to social policy in the EU is as the unintended consequence of action in another policy area, for example, the impact of economic integration on social policy frameworks through European Court rulings – this usually implies convergence in a downward direction and this is also identified more broadly as a response to the pressure of globalization forces. Such downward convergence may also be associated with an imbalance amongst policy domains either at the EU institutional and Member State levels or at the Member State level when the implementation of policy is skewed towards one domain, such as economic policy, and has negative consequences for another domain, such as social policy.

The open method of coordination (OMC) was identified at the Lisbon Council in 2000 as 'a means of spreading best practice and achieving greater convergence towards the main EU goals'. This brings into consideration the importance of the social indicators that are being developed and the associated databases that will allow for extensive analysis of convergence as data for more years are built up (DG Employment Social Affairs and Equal Opportunities 2009). The availability of such data should also facilitate a more even balancing of debate on the economic and social dimensions of the EU than is currently possible.

In the next section we will summarize the findings of studies of convergence in the EU15 and briefly consider the data on the cohesion countries but we will concentrate on those aspects of policy where the EU has an identifiable role even if sometimes this is only an exhortatory role. In particular we will consider employment participation and quality and gender as key areas influenced by the OMC process. and the transposition and implementation of directives on gender equality..

### II.2 Convergence in EU Welfare States

We focus on the EU15 from the early 1990s to 2006. Social expenditure data on the 2004 accession countries are available only form 2000 and for the 2007 countries from 2005. Because of this these countries are not included in the expenditure analysis. In this section we examine convergence four headings: Convergence as decreased variation, Catch-up convergence, convergence of EU employment targets and Gender equality and ideational convergence.

*Convergence as decreased variation*

Quantitative measures of welfare effort in the EU15 provide more evidence of convergence than do qualitative studies of particular dimensions of social policy in two to four countries. Several studies using varying quantitative measures of welfare effort as a percentage of GDP over the period from 1980 to the late 1990s provide some evidence of decreased variation over time in the EU15 as reflected in either decreasing standard deviation and/or coefficient of variation but the strength of convergence is rather weak (Cornelisse and Goudswaard 2002; Wolf 2002). Bouget (2003) finds convergence in the 1980-90 period, divergence in the 1990-93 period and convergence in the 1993-98 period. He explains the divergence in the 1990 to 1993 period by the differential response of countries to the international economic recession. Kauto and Kvist (2002) analyse convergence in the EU15 in the 1990-97 period focusing primarily on trends in the Nordic welfare states, the Netherlands and the UK. While finding some weak evidence for convergence in some welfare state dimensions they conclude that Nordic Welfare States illustrate 'parallel trends' to the other countries but 'persistent diversity' even in response to similar standards. The trend of very modest convergence in the EU15 is maintained when their analysis of social expenditure as a percentage of GDP is updated to the 1990 to 2000 period and is stronger in the period from 2000 to 2006 (O'Connor 2007). Decreased variation in welfare effort, measured by social protection expenditure in purchasing power standards (PPS), is evident between 1992 and 2000 but not between 2000 and 2006.[7] There is no evidence of downward convergence of welfare effort in the EU15 between 1990 and 2006 whether measured as a percentage of GDP or as social protection expenditure in PPS. Montanari, Nelson and Palme (2008) examine key aspects of social insurance programmes in 14 EU countries in the 1980-2000 period and conclude that there is no support for convergence in replacement rates in key social insurance programmes or in social insurance system trends. Furthermore their findings indicate the persistence of different organizational forms of social insurance.

*Catch-up Convergence*

Catch-up convergence is of particular relevance in the context of the 2004 and 2007 EU enlargements. The focus of this discussion is initially on the catch-up or not of the Cohesion Countries – Greece, Ireland, Portugal and Spain – relative to the EU15 from the early 1990s to 2006. The Structural Funds, including the Cohesion Fund, is rarely linked to national social expenditure in the analysis of convergence but both measures of redistribution are relevant to standard of living as reflected in GDP pc which is important not only directly but provides the base for social expenditure increase.

There is strong evidence of catch-up as measured by GDP per capita in the Cohesion Countries relative to the EU15 but the evidence for social expenditure as a percentage of GDP presents a more mixed picture between the early 1990s and 2003 (Table 1). Catch-up in this measure of social expenditure and in social protection expenditure per capita in PPS is evident only for Portugal and Greece, the countries with the weakest dynamic of economic catch-up and this pattern continues for these countries although still below the EU average expenditure. Despite catch-

7 Purchasing Power Standards refer to independent unit of any national currency that removes the distortions due to price level differences. The PPS values are derived by using Purchasing Power Parities (PPPs) as a weighted average of relative price ratios in respect of a homogeneous basket of goods and services, comparable and representative for each Member State (Eurostat 2005).

up convergence in both measures of welfare effort in Greece and Portugal, and considerable increased in social protection per capita in PPS in Ireland, the Cohesion Countries were amongst the countries with the lowest social protection expenditure as a percentage of GDP in the EU15 in 2003. Updating to 2006 (Table 1, column 5) the pattern is similar except that progress in social protection expenditure in PPS is evident for Spain.[8] There is considerable evidence of catch-up in all four countries from 1992 to 2006 when social expenditure per capita in PPS is measured relative to the EU15 average: in Greece it had increased from 52 to 76%; in Spain from 63 to 71%; in Portugal from 45 to 62% and in Ireland from 58 to 87%. The importance of taking PPS into account is clearly demonstrated in the case of Ireland from the mid-1990s and particularly from 2000. Despite the highest percentage increase and the highest percentage point GDP increase in 2000-2006, Ireland still had the lowest social expenditure as a percentage of GDP in 2006 but its high GDP growth ensured that in the 2000-2006 period its 4% GDP increase in social expenditure resulted in an 82% increase in social protection expenditure per capita in PPS. While this brought it closer to the EU average it still remained at the lower end of the EU15. While the time over which change in the EU10 can be considered is relatively short it is noteworthy that they all improved their social protection expenditure per capita in PPS relative to the EU25 average between 2000 and 2006.

The pattern of development of GDP per capita, social protection expenditure as a percentage of GDP and social expenditure per capita in PPS of the Cohesion countries since their accession to the EU reinforces the evidence of earlier studies that convergence must be examined as a long-term process and that this may include periods of stagnation and/or reversal of the progress in relative terms. It also reveals that progress in GDP per capita does not guarantee a similar level of progress in social expenditure as a percentage of GDP and the latter measure may move in the opposite direction to welfare effort measured in PPS (O'Connor 2007). Finally, despite the evidence of varying catch-up in expenditure patterns and progress in some other areas there is no evidence of change in the parameters of existing institutional structures - a liberal welfare regime in Ireland and adherence to the Southern model in Greece, Spain and Portugal (O'Connor 2003; Guillén and Matsaganis 2000) - although we may find convergence in policy discourse and frame convergence in areas other then social protection, in particular gender equality. First

8 Luxembourg had lower social expenditure than Greece and Portugal in 2006. uxembourg's exceptionally high GDP per capita and its large externally domiciled workforce contributes to its atypical position in social expenditure.

we consider the issue of EU employment targets which have been a central policy objective since the Lisbon Strategy.

*EU Employment Targets: Quantity and Quality Issues*

In setting full employment as an EU objective, the Lisbon Council identified the raising of the total employment rate from an average of 61 to 70 percent and the female employment rate from an average of 51 to 60 percent as a goal for 2010. Taking total and female employment rates Tables 2 and 3 present measures of change between 2000 and 2007. For both employment rates in the EU15 and EU25 the coefficient of variation decreased over time as did the average Member State percentage point gap below the Lisbon target. The gap increased in only one country, Portugal, where total employment decreased by less than one percentage point. Of the 2004 Member States only Cyprus had reached the 2010 target for total employment, that is 70% of the labour force, but only 6 of the EU15 had reached it (Sweden, Finland, Austria, Denmark, the Netherlands and the UK). The size of the gap was generally larger in the New Member States.[9] A large part of these gaps is accounted for by low female employment relative to the 2010 target of more than 60%. But in contrast to the overall employment rate five on the 2004 Member States had reached or exceeded the 2010 female employment target in 2007 (Cyprus, the three Baltic countries and Slovenia). Apart from Malta which had a gap of 23%, the gap in the other New Member States was exceeded by Italy (13%) and Greece (12%). While these gaps are of policy significance of greater importance in terms of catch-up is the evidence that change between 2000 and 2007 was positive in all countries and was 5% or above in 5 of the New Member States compared to 3 of the EU15.

But quantitative change is only one element of progress in employment. The *Social Policy Agenda,* issued in 2000, identified 'the promotion of quality as the driving force for a thriving economy, more and better jobs and an inclusive society' (European Commission, 2000: 13). An extensive project on employment quality in the mid-2000s is reported in *Employment in Europe 2008.* This is largely based on Davoine et al (2008) and identifies four Employment Quality Clusters in the EU27 in 2006-07 (Table 4). The classification is based on the Laeken Indicators and complementary variables relating to wages, qualitative aspects of work and work intensity and captures four broad dimensions of quality: socio-economic security, training, working conditions and reconciliation of working and non-working life and

9 Only five of the EU 15 had a gap of 5% or more, the largest gaps were in Italy (11.3%), Greece (8.6%) and Belgium (8%).

gender balance (European Commission, 2008d).[10] While this study is not comparable with employment quality work reported by the EU Commission in 2001 (2001a and b), it has a longitudinal component which allows examination of trends in some of the the EU15 from 1983 and in most of the EU27 from 1994.[11] This suggests some improvement in job quality from 1994 to 2004 although there is some variation in trends across Member States and while there is 'near stability in the geographical composition of job quality models' (op. cit.: 167) some countries have improved their relative position. In particular, Austria, France and Ireland improved their overall job quality positions 'suggesting a process of catching-up with Nordic Member States' as did Spain and Portugal relative to Italy and Greece since 2000 (op. cit.: 163). There is evidence of convergence across the EU on the gender employment gap, with Southern Member States, Ireland and Belgium which had the largest gaps at the start having the greatest reductions (op. cit. 167). While the job quality clusters are preliminary this is an important analysis that lays the foundation for further analysis and establishes a benchmark for longitudinal analysis.

*Gender Equality and Ideational Convergence*

Gender equality in the sense of equal treatment of men and women in the labour market has been identified as a principle of the EU since the Treaty of Rome in 1957. It has gained greater importance with the recognition, particularly since the early 1990s, that the employment growth central to EU economic progress is heavily dependent on increased female labour market participation.

The Structural Funds may contribute to catch-up convergence in particular in GDP per capita and may contribute to convergence in social expenditure but convergence in aspects of the broad social policy domain may also be the outcome of other processes in particular the related concepts of frame convergence and

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10 The Laeken indicators relate to 10 dimensions (number of indicators in brackets):
1. Intrinsic job quality (3)
2. Lifelong learning and career development (2)
3. Gender equality (5)
4. Health and safety at work (1)
5. Flexibility and security (1)
6. Inclusion and access to the labour market (6)
7. Work organization and the work life balance (3)
8. Social dialogue and workers' involvement (no agreement on indicators)
9. Diversity and non-discrimination (2)
10. Overall economic performance and productivity (2).
11.

**Mise en forme :** Puces et numéros

11 Britain, Germany, Romania, Bulgaria, Slovenia, Lithuania and Malta are excluded from the entire analysis because of data difficulties and some other countries are excluded from part of it.

'cognitive Europeanization'. Understood as 'the shaping and reshaping of the perceptions of, and attitudes towards, social problems and the way to tackle them' (Radaelli 2000), cognitive Europeanization, is increasingly recognised as a significant influence on *aspects* of the social policy framework, for example, welfare services in Spain, Portugal and Greece (Guillén and Palier 2004) and gender equality in Ireland (O'Connor 2003). Cognitive Europeanization contributes to frame convergence. We have already referred to the fact that frame convergence may be associated with the transposition of directives into national policy – an example of positive integration – and/or the broader mechanisms of facilitated coordination through political declarations as at Council summits and/or through soft law such as the OMC, which is increasingly important in the broad social policy area. This form of coordination is concerned with the convergence of ideas (Bulmer and Radaelli 2005). In both instances we are concerned with the change in the domestic frame of reference associated with the process of European integration. But this change does not necessarily imply harmonisation in the sense of identity of policy output in member states nor does it necessarily imply convergence.

We use harmonisation to refer to a process that reduces diversity and may but does not necessarily lead to convergence. Furthermore, we may identify convergence in the absence of harmonization. For example, in discussing the impact of Europeanization on social and economic gender rights in six EU countries with contrasting welfare and gender regimes, Liebert (2003) argues that while EU equality norms have enhanced convergence they have not produced harmonisation.[12] The implementation of the gender equality directives between 1975 and 2000 varied considerably depending on 'domestic frames of mind' but by 1998 'all 15 Member States had implemented the equality *acquis communautaire*, though without jeopardising national distinctions' (Liebert, 2003: 13). Yet, we have to bear in mind the later evidence on the application and enforcement of directives across the EU 15 (Falkner et al 2005).

Thirteen directives on gender equality were agreed between 1975 and 2006[13], the Amsterdam Treaty adopted a formal commitment to gender mainstreaming in 1997, agreement was reached on the Community Framework on Gender Equality (2001-2005), on a Roadmap for equality between women and men 2006-10 and on the European pact for gender equality also in 2006. The European Employment Strategy was implemented through the mechanism of the Open Method of Cooperation and gender equality guidelines were specified as part of the

12. The countries studied were France, Germany, Italy, Britain, Spain and Sweden.
13. Two amended earlier directives (Europa 2007).

Employment Guidelines up to 2004[14]. Despite these developments, the annual reports on equality between men and women *for the years from 2006* to 2009 by the European Commission (2006; 2007; 2008; 2009) indicate that there is considerable leeway for progress and considerable variation across member states, not only the 2004 accession countries but the EU15, in outcomes such as the gender gap in employment, unemployment and pay rates. Varying levels of meeting targets and catch-up by some countries in some policy areas, such as childcare, can be identified but also some downward tendency in most of the Eastern European New Member States (EGGE 2009: 57-68). There is no evidence of convergence on best practice in addressing the persisting gender pay gap (EGGSIE 2007) or in implementing gender mainstreaming, the focus on which 'in most countries … seems rather narrow and patchy' (EGGSIE 2008: 73). More fundamentally all directives are not fully transposed into national legislation in all Member States and this applies to EU15 Member States as well as more recent accession countries (Falkner et al 2005; Falkner and Treib 2008; European Commission 2009).

*Patterns of Convergence in the European Union*

Summarising the four types of convergence reviewed in this section we find considerable variation in evidence depending on the measure considered. Reviewing earlier studies we find very modest levels of convergence as decreased variation in social expenditure in the EU15 in the period from 1980 to 2006 but with considerable variation overtime including periods when there is no change or even some divergence. Furthermore there is no support fro convergence in replacement rates in key social insurance programmes or in the institutional structure of social insurance programmes. In contrast, we find evidence of catch-up in some measures of social expenditure and for some of the Cohesion Countries. The evidence was strongest and applied to all four when social expenditure was measured in PPS over the long term, that is 1992-2006 but there is no evidence of change in the parameters of institutional structures. This is consistent with the

14. None of the Integrated Guidelines on Growth and Jobs (2005-08), in particular none of the employment guidelines identifies a gender dimension in its title but this does not mean gender is absent although the DG Employment and Social Affairs Expert Group on Gender and Employment point to the negative impact of this change in terms of the 2006 implementation reports of Member States on their National Reform Programmes. The European pact for gender equality included a commitment to gender mainstreaming and equality in the National Reform Programmes for growth and jobs (European Commission 2006b).

strong evidence of catch-up in GDP per capita particularly in some of the Cohesion Countries

In contrast to social expenditure there is evidence of decreasing variation a in employment levels in the EU15 and EU25 and decreasing gaps relative to the Lisbon 2010 employment targets in the 2000-2007 period. There is also some evidence catch-up in terms of employment quality indicators in some of the EU15 countries and convergence across all the countries in gender employment gaps. The latter is confirmed when we consider gender equality and ideational convergence. This indicates that apart form employment rates we are at the stage of convergence of ideas about key issues in gender equality rather then convergence of outcomes. While we cannot assume that the latter will not occur it must be recognized that ideational convergence is not automatically or inevitably associated with effective policy change.

## III Socioeconomic convergence and Europeanization in the context of the unbalanced triangle of economic, employment and social policy in the EU

Most welfare state convergence studies have focused on social expenditure levels, benefit-replacement rates and institutional structures. These are undoubtedly important parts of the story of welfare state change in EU and OECD countries but they are only part of the story. They leave out of consideration key dimensions of welfare state development in particular labour market and gender equality indicators which are central to the social policy at the EU level. Furthermore, welfare states not only in the European Union but in most OECD countries are increasingly employment-anchored welfare states which are characterized by dual-earner families, although these are often composed of one full-time and one-part-time worker. Convergence towards such a welfare state may be the key overarching convergence message not just in the EU but in most of the non-EU OECD countries. Analysis of convergence must acknowledge these changes and their contextual specificities.

Analysing convergence in the European Union must the contextual specifics include European integration and Europeanization, the Lisbon strategy and the OMC process. Each of these has contradictory influences on EU level social policy and on convergence in policy outcomes across Member States. The implications of the differences between positive and negative integration processes and the role of the European Court of Justice decisions in reinforcing the balance toward freedom of the market has been the focus of considerable analysis, most notably by Scharpf (1998, 2002, 2006, 2007) and Liebfried and Pierson (1995). While there have been high profile instances of ECJ rulings in the recent past that have militated against the enforcement of labour rights it must be noted that the Court has also made decisions that have been positive in terms of reinforcing workers rights. The important point here is that the working out of European integration mechanisms have implications for the analysis of convergence within the European Union.

Europeanization has a more immediate and nuanced impact in the sense that we may identify the process of the 'national and EU levels becoming more interwoven', to use the terminology of Kvist and Saari (2007:1) in discussing the Europeanization of social protection, but not find convergence. This is partly due to the diversity of social policy regimes within the European Union. Depending on the policy dimension we may find convergence within regimes or as Lütz found in relation to the regulatory state in finance 'convergence within national diversity' (Lutz (2004). In addition to the widely cited welfare regime, we have pointed to two other typologies of countries in this paper: 'worlds of compliance' with EU directives (Falkner and Treib 2008) and quality of employment clusters (European Commission 2008d). Europeanization has a dimension, that is 'cognitive Europeanization' that is even more closely linked to convergence. The key issue from the point of view of convergence is whether or not this results in convergence of outcomes.

As was pointed out earlier the OMC was identified as a mechanism that would facilitate convergence. The monitoring of implementation of commitments made in the National Reform Programmes and the assessment of progress as well as the collection of data on key structural and social indicators are important dimensions of the radical potential of the OMC. However, unless they are coupled with the mobilisation of national stakeholders around the formulation and implementation of National Action Plans and National Reform Programmes the potential will not be realised. The evidence on such mobilisation is not encouraging.

Despite the repeated affirmations of the mutual reinforcement of economic, employment and social policy in Council and Commission documents the evidence on the implementation of the Integrated Economic and Employment Guidelines in Member States' National Reform Programmes 2005-08 and particularly in the 2006 implementation reports on these is that the economic guidelines takes precedence over the employment guidelines and within the employment guidelines the broad social objectives as reflected in gender equality objectives have a decreased significance relative to the 1998 to 2004 operation of the European Employment Strategy (Rubery et al 2006). This imbalance has led the European Parliament to call 'on the Commission and the Council to respect the initial equilateral triangle of the Lisbon Strategy and to develop an approach that is better balanced between economic coordination on the one hand and employment and social protection policy on the other' (European Parliament 2006)

The revision of the Lisbon Strategy brought to prominence a tension between those at the EU level who give primacy to making the EU 'the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth' with more jobs and those who argued that 'more and better jobs and greater social cohesion' be given equal primacy. The Kok report pointed to the failures of the process in terms of the key competitiveness, employment and transition to a knowledge economy objectives; it called for the refocusing of objectives and targets on growth and employment and argued for more explicit benchmarking and peer pressure on Member States and public affirmation of success and failure in implementation of programmes. The report argued that fulfillment of the social objectives would resultfrom economic and employment growth. The alternative emphasis by the 'socially-oriented' stakeholders stressed the equal importance and mutual reinforcement of social, employment and economic policies and drew on the extensive EU documentation on social policy as a productive factor. This was supported not only by non-governmental organizations, for example EAPN, Feantsa and the European Social Platform, but by some elements of the European Commission and the European Parliament. While the analysis of the Kok report on the non-achievement of many of the Lisbon targets is accepted by both groups the balance of the recommendations differ. Statements by the President and Vice-President of the European Commission (for example European Commission 2005c) tend to strongly reflect the change in approach advocated by the Kok report.

The *Social Agenda 2005-2010*, whose motto is "A social Europe in the global economy; jobs and opportunities for all" (European Commission 2005a) identifies its complementary role *vis-à-vis* the mid-term review of the Lisbon Strategy and its role in promoting 'the social dimension of economic growth'. To this end it identifies two priority areas: (1) moving towards full employment by making work a real option for all, increasing the quality and productivity of work and anticipating and managing social change and (2) developing a more cohesive society. The latter includes modernising social protection and combating poverty and promoting social inclusion which includes a commitment to a Community initiative on minimum income schemes and the integration of people excluded from the labour market. Concern has been expressed, particularly by the EAPN, the Social Platform and members of the European Parliament about the balance of the Agenda, in particular its preponderant labour market focus. Yet this is consistent with the employment-anchored social policy framework that has consistently characterised the European Union (O'Connor 2005). The problem with this framework from the point of view of upward convergence in economic and social conditions aspired to in Council and Commission statements is that it is skewed towards meeting the labour market participation objectives with little or no concern for employment quality. The recent work on quality discussed above provides an important possibility for challenging this focus as does the report for the Commission on the social impact of globalisation in the European Union (Begg, Draxler and Mortensen 2008). In the context of a labour market characterised by a significant proportion of low quality employment this is particularly important for catch-up convergence of the more recent accession countries where labour market participation is still low relative to the EU15.

In conclusion, the four types of convergence considered, decreasing variation and catch-up in social expenditure measures, convergence in employment levels and quality, and gender equality and ideational convergence, have considerable relevance to the analysis of social policy in the EU27.

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**Table 1**
**Cohesion Countries catch-up relative to EU15 accession to 2003 and update to 2006 for Social Expenditure in PPS**

| Country and year of accession | GDP per capita | Social Protection Expenditure as % GDP relative to EU15=100 | Social Protection Expenditure in PPS 1993-2003 | Social Protection Expenditure in PPS 1992-2006 |
|---|---|---|---|---|
| Ireland (1973) | Reached EU average 1997; 123% of EU average in 2003 | Progress towards catch-up to late 1980s; reversal since early 1990s | Progress towards catch-up: from 59 to 71% of EU15 average. | Progress towards catch-up: from 58 to 87% of EU15 average. |
| Greece (1981) | Almost consistent reversal to 1996; catch-up thereafter – 75% of EU average in 2003 | Strong progress towards catch-up | Strong progress towards catch-up: from 45 to 67% of EU average | Strong progress towards catch-up: from 52 to 76% of EU average |
| Portugal (1986) | Progress towards catch-up to 1999; reversal 2000 to 2003 – 73% to 70% of EU average | Strong progress towards catch-up | Progress towards catch-up: from 46 to 60% of EU15 average. | Progress towards catch-up: from 45 to 62% of EU15 average. |
| Spain (1986) | Relatively steady progress towards catch-up; 91% of EU average in 2003. | Consistent reversal | No progress towards catch-up. | Progress towards catch-up: from 63 to 71% of EU15 average. |

**Table 2**
**Measures of Change in total employment rates in EU15 and EU25**
**2000 and 2007**

| | 2000 | 2007 |
|---|---|---|
| Coefficient of variation: EU15 | 10.3 | 8.0 |
| EU25 | 10.3 | 8.8 |
| Gap below 2010 70% employment target with number of countries below in brackets : EU15 | 7.6 (11) | 5.3 (9) |
| EU25 | 9.1 (21) | 6.2 (18) |

Calculated by author from European Commission (2008) Employment in Europe 2008. Luxembourg: Office for Official Publications of the European Communities (Table 6).

**Table 3**
**Measures of Change in female employment rates in EU15 and EU25**
**2000 and 2007**

| | 2000 | 2007 |
|---|---|---|
| Coefficient of variation: EU15 | 18.1 | 13.3 |
| EU25 | 17.0 | 14.5 |
| Gap below 2010 60 employment target with number of countries below in brackets : EU15 | 11.8(7) | 8.1 (5) |
| EU25 | 10.0(16) | 9.2 (10) |

Calculated by author from European Commission (2008) Employment in Europe 2008. Luxembourg: Office for Official Publications of the European Communities (adapted from Table 6).

**Table 4**

**Employment Quality Clusters in EU based on Laeken Indicators and complementary variables 2006-07**

| Northern cluster* | Continental cluster | Southern cluster | New Member States cluster |
|---|---|---|---|
| Denmark | Belgium | Greece | **Poland** |
| Finland | Germany | Portugal | **Hungary** |
| Sweden | Austria | Italy | **Slovakia** |
| UK | Luxembourg | Spain | **Czech Republic** |
| Netherlands | France | **Malta** | **Latvia** |
| | Ireland | | **Lithuania** |
| | **Cyprus** | | **Estonia** |
| | **Slovenia** | | **Romania** |
| | | | **Bulgaria** |

**Source**: European Commission (2008) *Employment in Europe 2008*, Chapter 4 which is largely based on Davoine et al (2008).

*Cluster characteristics:
Northern cluster characterized by high wages, socio-economic security and good working conditions, high employment rates, high participation in training and high availability of childcare. Job satisfaction and productivity levels are high.

Continental cluster is close to the EU average for most indicators and is Close to EU average on most indicators. It is characterized by relatively good socio-economic security and working conditions combined with intermediate to high gender employment gaps, intermediate to low levels of educational attainment and high employment gap for older workers.

Southern cluster has an overall unfavourable performance on job quality; low levels of socio-economic security, training and working conditions; low levels of educational attainment, high gender employment gaps and the absence of social dialogue. Spain, Portugal and Greece have high labour market segmentation.

New Member State cluster is characterized by low socio-economic security and poor working conditions including high health risks, especially in Poland, Slovakia and Romania, are partly offset by relatively low work intensity. These countries have high initial educational achievement and low gender employment gaps. Productivity levels are low but productivity growth rates are high reflecting catch-up.

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