Central European welfare states

Daniel Clegg

Introduction

The social protection systems of West Central European countries have their origins in the social reforms of Otto von Bismarck in Imperial Germany in the 1880s. For that reason this distinctive model of social provision is sometimes dubbed the Bismarckian model (Palier, 2010a) as well as, for reasons discussed below, the conservative-corporatist (Esping-Andersen, 1990), Christian Democratic (van Kersbergen, 1992) or industrial achievement performance model (Titmuss, 1974). Nations whose welfare systems are of this characteristic variety include France, Germany and the Benelux countries, as well as Austria and, following a period of comparatively late welfare expansion in the 1970s and 1980s, Switzerland. Due to certain shared institutional characteristics, Eastern and especially Southern European countries are sometimes also considered to have Bismarckian systems of social protection, though specific features justify seeing the welfare models of these regions as distinctive (see Chapters 14 and 15, this volume).

As shown in Figure 13.1, in 2014 average social protection expenditure across West Central European countries was higher than in other European regions, and, in a number of these countries, was close to or above 30 per cent of GDP. Bismarckian social protection systems today command a greater share of national wealth than even their Nordic equivalents, long considered the ‘gold standard’ for welfare state expansiveness (see Chapter 12). While before the onset of the Great Recession levels of social expenditure had fallen back considerably from their highs of the mid-1990s in a number of Nordic countries, they had remained much more stable across West Central Europe in the early years of the twenty-first century, and thus grew from a higher starting point from 2008.

High expenditure reflects the solidly institutionalised commitment in the countries of West Central Europe to using collective mechanisms to protect citizens against social risks. The Bismarckian model of social protection is not without critics, however. Despite the now larger sums generally devoted to social policy than elsewhere, at-risk-of-poverty rates remain markedly higher in many of these countries than in Nordic Europe. And while their employment performance has improved since the mid-1990s, some West Central European countries – notably Belgium and France – still have employment rates more than ten percentage points below the best-performing European states. It may be said that high levels of social protection
Daniel Clegg

expenditure in these countries are to some extent a reflection of socio-economic problems engendered by their systems. Moreover, recent reforms have been widely argued to coalesce with changes in labour markets to entrench new social divisions.

This chapter discusses the forces behind the historical development of these social protection systems, the particular aims and objectives of this type of social policy, and how these aims are promoted through their common institutional features. It then explores how in the last quarter of the twentieth century these design features made social protection reform simultaneously particularly pressing and unusually difficult. The chapter concludes by assessing the future prospects for this social model in the light of the reforms accomplished in recent years and the experience of these welfare systems in the Great Recession and its aftermath.

The development and core features of welfare systems in Western and Central Europe

Alongside the usual functional drivers of economic and social change (see Chapter 26), the early development of welfare systems in West Central Europe was shaped as much by conservative and religious forces as by the class-based mobilisation of workers and the success of the political Left. Bismarck, whose social reforms in the 1880s laid the foundations for this model, was a ‘revolutionary conservative’, and, by introducing compulsory sickness, work accident and old age insurance programmes, he intended to secure the pacification and political allegiance of the working class to the Empire in the face of a growing and increasingly restive labour movement (Hennock, 2007). The years following the Second World War, when as elsewhere in the developed world the welfare systems of West Central Europe enjoyed their period of fastest expansion, was furthermore a period when Christian Democratic forces of the centre-right dominated the politics of these countries, with the notable exception of France (van Kersbergen, 1995).

The imprint of these social and political forces helps us understand the particular aims and objectives of social provision in West Central Europe. Large in expenditure terms, these are social protection systems focused on security and stability rather than on equality or emancipation. Occupational and status differentials in the labour market are largely mirrored in the level of

![Figure 13.1 Social protection expenditure as a percentage of GDP, selected countries and regional averages, 2014. Source: Eurostat.](image-url)
social protection citizens receive in the event of major life course events such as sickness, unemployment or retirement. At least explicitly, the systems favour horizontal redistribution, across the life course, rather than vertical redistribution, across income groups. As status maintenance in the social protection system rewards labour market performance, these systems have often been understood as ‘handmaidens’ of the industrial economy (Titmuss, 1974). Individual social rights are traditionally derived – directly or through a family member – from employment status, and the regulation of compulsory welfare provision is often articulated in complex ways with free collective bargaining between trade unions and employers – the social partners – at firm, sectoral and national levels. One result is that in areas such as sickness and pensions there are often separate compulsory social insurance schemes in different companies or economic sectors, meaning that these systems are characterised by considerable internal fragmentation and diversity.

With the partial exception of Belgium and France, these systems have also traditionally upheld conventional familalist concepts of the gender division of labour, privileging the income protection of the male breadwinner, but providing only limited social services to facilitate the reconciliation of labour market participation and household care provision (Morel, 2008). A number of the aims of this model of social provision can be related to the importance of subsidiarity, a principle particularly central to Catholic social doctrine which holds that direct state intervention is only appropriate when the self-protective capacities of lower level social organs – the family, voluntary organisations and professional and vocational communities in the labour market – cannot be effectively supported through public subsidies (van Kersbergen, 1995: 188). It is for this reason that the state often plays a rather arms’-length role in the regulation and delivery of welfare provisions, to the extent that the concept of ‘welfare state’ should be applied to these systems only with caution (Palier, 2010a: 24).

Despite these social protection systems seeking to provide increasingly universalistic cover in the post-Second World War decades, social insurance remained – and still remains – the dominant form of welfare provision in this welfare model. Individuals are protected against the risk of temporary or permanent inability to earn income in the labour market by the specific contributions that they (and their employers, if they are employees) pay when they are in work, making these systems strongly contributory in both their entitlement logic and financing systems. Even transfers designed to supplement additional costs, such as family benefits, often operate on an insurance-like basis, and are to a large extent financed out of employer and employee contributions. Cash transfers are the main form of welfare provision that individuals receive, including for many basic medical services, which are reimbursed by sickness insurance funds rather than being directly collectively financed and free at the point of receipt. It was hoped that the development of comprehensive social insurance systems covering all major social risks resulting from family and market failures would obviate the need for state provision of extensive social or labour market support services, and the role of tax-financed welfare payments, such as social assistance, could be reduced to an absolute minimum. Thus social services were weakly developed, while a number of these countries had no general tax-financed minimum income scheme until the 1970s (Belgium) or 1980s (France and Luxembourg).

The ability of this social insurance-based model to protect the vast majority of the population was strongly dependent on full (male) employment and stable family structures. More perhaps than elsewhere in Europe, deindustrialisation and the return of mass unemployment in the 1970s seriously undermined the basic logic of social protection in West Central European countries. Moreover, the institutional structures of the Bismarckian social protection system encouraged a series of short-term, defensive responses to the changed economic environment with which welfare states were confronted from the last decades of the twentieth century. Through policies of labour shedding, governments responded to mass unemployment by using the social
protection system to provide less productive workers with more-or-less permanent access to income outside work, through prolonged unemployment or disability benefits or the expansion of early retirement pensions. As well as leading to the rapid development of highly unfavourable dependency ratios, the unintended consequence of these measures, however, was to further impede job creation, particularly in low-skill sectors of the economy. As a result, West Central European countries began to face low employment, structural unemployment and growing concerns about problems of social exclusion among sections of their populations in the 1980s and 1990s.

The apparent inability of governments in West Central Europe to adapt their structures of social protection to new social and economic risks and problems led some in the 1990s to argue that these were frozen welfare systems (Esping-Andersen, 1996). While the institutional structures of Bismarckian welfare systems indeed militated against sudden and radical structural reforms, by the first decade of the new millennium it was increasingly evident that substantial if sometimes rather incremental changes had in fact been widely underway (Palier and Martin, 2008). Although these reforms succeeded in boosting employment in West Central European countries, some have argued that this was achieved largely by institutionalising a form of dualism in the social protection treatment of stably employed ‘insiders’, on the one hand, and ‘outsiders’ with precarious attachment to the labour market, on the other (Palier, 2010b; Palier and Hay, 2017). Others, however, see indications of a progressive – and potentially more positive – shift towards a proactive and service-centred approach to welfare provision more commonly associated with the Nordic welfare model (Hemerijck, 2017).

**Bismarckian welfare institutions and the challenge of adaptation**

To understand the recent development and current contours of welfare systems in these countries, it is useful to look in closer detail at their common institutional characteristics. Following Palier (2010a), Bismarckian social protection systems have similar entitlement principles, benefit structures, financing mechanisms and governance arrangements. These institutional parameters reflect the various objectives underlying this model of social protection, but also help explain the particular ways these systems responded to the challenge of adapting to social and economic change.

- *Entitlements based on work and contributions*: In Bismarckian welfare systems, social rights are traditionally derived from contributions paid in employment. Beneficiaries are not all citizens or all the needy, but instead workers and their families who are facing life course events. In social insurance schemes for risks such as old age and unemployment, the individual’s work and contribution record is often used to calculate the level and/or duration of entitlement to benefit, according to what in Germany is known as the ‘equivalence principle’. Having a compulsory benefit system in which individuals earn their level of social protection through their work intensity and effort is one of the main ways in which these welfare systems have helped to support and stabilise the standard employment relationship that was central to industrial production.

- *Wage-related benefits*: The benefits which individuals receive in the event of inability to earn income from work are not a flat rate, but related to and expressed as a percentage of their previous salary. Levels of wage replacement have been historically somewhat lower for the unemployed, but are often around 70 per cent in pension and sickness insurance schemes. Although benefit ceilings exist, they are generally higher than in similar schemes in Nordic countries. This is central to the traditional status-maintaining aims of Bismarckian social protection and the preference for promoting security over redistribution and equality.
According to one influential account of social policy development, generous wage-replacing benefits in the event of unemployment also served the economic function of encouraging individuals to make otherwise risky investments in the specific and non-transferable skills that industrial employers required (Häusermann, 2010: 18).

- **Contribution financing**: As in Southern and Eastern European countries, the welfare systems found in West Central Europe are heavily financed through employer and employee contributions, or what are known in some other contexts as payroll taxes (see Chapter 40). In 1990, the share of social contributions in all social protection revenues ranged from 60 per cent in the Netherlands to 80 per cent in France. By comparison, social contributions at the same time represented under half of all revenues in the UK and Ireland and only one-third, on average, in Nordic countries. In continental Europe, furthermore, social contributions are explicitly not considered as (or called) taxes, and are generally not directly collected and controlled by the national finance ministry. Instead, contributions are held in specific managerially autonomous social insurance funds.

- **Social partner management**: These funds are not part of the central or local state administration, but rather non-profit entities whose management is partly delegated to the social partners, trade unions and employer associations. This is the ‘corporatist’ element of this welfare model identified by Esping-Andersen (1990). The involvement and regulatory autonomy of the social partners in Bismarckian social insurance varies across countries and between social insurance branches (Ebbinghaus, 2010), but nowhere in West Central Europe has the state traditionally been free to manage social insurance alone. This is partly a historical legacy of the first compulsory systems having been grafted onto pre-existing occupational or mutual trade funds, and the reluctant acceptance of reformers such as Bismarck to grant self-administration rights to the very organised workers whose power resources he was trying to undercut. But it is also congruent with, and has been reinforced by, the subsidiarity principle and its emphasis on ‘self-government’ by lower level social organs (van Kersbergen, 1995: 188). In this view self-government is in turn intimately related to self-sufficiency, and for this reason contribution financing (financing by workers and their employers) and social partner management (management by the representatives of workers and their employers) have always been mutually sustaining features of Bismarckian welfare systems.

From the late 1970s, the welfare systems of continental European countries faced similar challenges to welfare states across the developed world, related to lower aggregate growth rates, intensified international competition and changing demographic profiles. The significant consequences of their shared institutional characteristics for the electoral and non-electoral politics of welfare reform help explain why these countries, despite their widely varying political situations and economic capacities, followed a broadly similar trajectory of adaptation.

If overhauling established welfare systems is generally an electorally risky undertaking for governments, key features of their inherited modus operandi made it particularly so for governments in West Central Europe. Because these systems provide guarantees of generous earnings replacement far up the wage distribution, they are relevant to and strongly supported by a large share of the electorate, including the politically engaged middle classes (Esping-Andersen, 1996). Furthermore, since entitlements are widely perceived as having been earned through the payment of contributions while in work, they benefit from some of the strong legitimacy attached to property rights in market economies. As the specific social contributions largely used to finance benefits are not traditionally understood as taxes, the systems are simultaneously less vulnerable to tax backlash. In this context, adjusting revenues to meet rising demands is likely to be considerably less electorally unpopular than adjusting entitlements to contain costs.
In addition to their strong electoral support, the welfare systems of these countries are also especially open to the influence of powerful organised interest groups. This is a direct result of the delegation of welfare system management to the social partners, which gives trade unions and employers’ associations an institutionalised role in decision-making processes that they can use to block changes they oppose and to inflect reforms in line with the interests of their members (Crouch, 1999; Ebbinghaus, 2010). This diminishes the capacity of elected governments to implement their programmatic commitments, and gives preponderant influence over social policy development to the constituencies represented by unions and employers’ associations. As these actors owe their role in the management of the welfare system and the power and status it affords them to a web of interlocking features of these systems – such as their insurance character and their financing through contributions paid by employers and employees – they also have interests vested in the institutional status quo, and often oppose reforms that challenge the institutional order even if they have little direct impact upon the immediate redistribution of the burdens and benefits of welfare provision.

These institutionally mediated political dynamics help us understand why continued system expansion was the first reaction of governments in these countries to the increasing demands that the combination of economic change and slower moving processes such as population ageing placed on these systems from the mid-1970s onward. Faced with the mounting cost of providing generous pensions, healthcare and unemployment benefits, alongside declining contribution revenues due notably to fast-rising unemployment, governments across West Central Europe did not attempt to rein in their existing social welfare commitments, as happened elsewhere, but instead increased contribution rates or simply allowed large deficits to build up in the social insurance funds. New entitlement programmes were also created, and/or eligibility conditions for existing ones relaxed, to compensate the victims of deindustrialisation. In Belgium, France and – particularly after reunification in 1990 – Germany, early retirement programmes were for this reason sharply expanded, while the Netherlands saw massive increases in claimants of disability benefits in the 1980s and early 1990s.

As Palier (2010b) has pointed out, it is wrong to reduce this policy response to simple inertia, as the ‘frozen welfare state’ argument commonly made about Bismarckian social protection systems seems to imply. It is true, however, that the adaptive changes initially adopted allowed the systems to continue functioning according to their traditional logics even under radically changed economic conditions, and in this sense the pattern of adaptation was defensive or conservative. In the context of the Bismarckian welfare state legacy, however, continued expansion best fitted the immediate interests of political and social actors. Governments could raise social insurance revenues without fear of the electoral punishment that would follow increases in more visible forms of taxation, and by so doing avoid explicit retrenchment measures that would have been enormously unpopular and thereby take some measures to palliate the effects of structural economic change. For the large industrial employers that dominated peak employer associations in most countries, these new or expanded social programmes offering good ‘exit routes’ out of the labour market were an opportunity to externalise some of the cost of internal restructuring and layoffs, while reducing the threat of bitter industrial disputes. For unions, finally, labour shedding through the welfare system helped reduce competitive pressures on the remaining employed workforce, in principle improving both their job security and bargaining power. Reductions in labour supply thus reinforced the effects of highly restrictive rules on compulsory redundancies, which are another inherited institutional feature of many economies of Western and Central Europe (Emmenegger, 2014).

This strategy had important second-order effects, however. Due to the extremely high non-wage labour costs that employers in West Central European countries came to face, as well as
still relatively restrictive hiring-and-firing legislation in many cases, employment growth in these economies remained comparatively sluggish even in periods of aggregate growth, with employers preferring to adopt new technology and to squeeze further productivity increases from their existing employees rather than take on new workers, particularly in lower skill sectors of the economy where the ‘tax wedge’ represented by social contributions was proportionally highest. Albeit in a somewhat less extreme form than in Southern Europe (see Chapter 15), low employment rates among young people (especially in Belgium and France) and the over-55s (everywhere except Switzerland) had become defining features of the economies of continental European countries by the 1990s (Scharpf, 1997). With the exception of Switzerland, in these countries female activity rates also lagged far behind those found in Denmark and Sweden and, to a lesser extent, the UK. By maintaining a large section of the population outside the labour market, policy in these countries aggravated dependency ratio problems that were already worsening as a result of demographic developments and diverted resources away from more active measures – such as childcare, employer subsidies or training programmes – that may have been deployed to support labour force expansion. The adaptation path also posed increasing challenges for social cohesion. Unemployment rates declined much more slowly and significantly in West Central European countries following the recession of the early 1990s than they did in Northern Europe, and in the mid-1990s somewhere between 40 and 60 per cent of unemployed people had been out of work for more than a year in most of these countries, compared to only a quarter in Denmark or Sweden. High long-term unemployment led in turn to many people exhausting their right to insurance-based support, and to growing concerns about resulting problems of social exclusion.

Policy actors were not blind or indifferent to these problems. Governments in West Central Europe faced quite immediate pressures to address structural unemployment and the problems of social cohesion that follow from it, while employers grew increasingly critical of the burden of high labour costs, even if some exploited the possibilities for easier plant-level restructuring that availability of generous social programmes has afforded. Furthermore, in the early 1990s the signature of the Maastricht Treaty imposed new fiscal austerity constraints upon the majority of these countries, future members of the Eurozone. For all these reasons, both labour market reform and cost containment in social security became progressively more prominent in reform agendas in many West Central European countries as the new millennium approached.

However, many of the second-generation adaptive measures implemented were characterised by an apparent unwillingness to restructure welfare or labour market institutions in ways that would threaten the protections enjoyed by the majority of stably employed workers. With respect to the labour market, most of these countries thus introduced the flexibility believed necessary to encourage improved job creation through highly selective deregulation, which expanded employers’ possibilities to recruit workers on fixed-term or otherwise atypical contracts while leaving the protections attached to regular employment contracts largely untouched (Thelen, 2014). With respect to classic welfare entitlements, meanwhile, reforms often tightened the application of the traditional Bismarckian principle of benefits reflecting prior contributions made in employment, meaning that cost containment efforts fell on those with the weakest attachments to the labour market. Thus, in most countries contribution requirements for a full pension were substantially tightened and access to unemployment insurance benefits made more difficult for those with limited or broken records of previous employment. To partially compensate for the social insurance systems becoming less ‘social’ in this way (Palier, 2010b), many countries simultaneously introduced or expanded minimum pensions and/or general minimum income guarantees, tax-financed and paying means-tested benefits, and for working-age claimants often entailing activation requirements (Clegg, 2008).
This second generation of reforms bore the imprint of basic electoral calculation, since for governments it was considerably less risky to reform welfare and labour market institutions at the margins than to frontally attack the entitlements of the majority of salaried employees and challenge core principles of the established social model. However, these reforms also display some political dynamics that are more specific to Bismarckian welfare states. The considerable influence of the social partners in the politics of social protection reform in these countries is still visible, insofar as many changes protected unions’ core constituency of stably employed workers while simultaneously preserving some exit routes out of work for those more senior employees that would be, for employers, most costly to lay off (Palier and Thelen, 2010). For the social partners together, moreover, transferring the cost of protecting certain groups away from the social insurance system altogether helped recast the mutually supporting Bismarckian principles of self-sufficiency and self-responsibility, preserving the contributory ‘purity’ of the main welfare system on which the historic governance role of the social partners depends. Reinforcing the ‘equivalence principle’ of a close link between benefits and contributions has likewise offered actors keen to drive through cuts a way of doing so while simultaneously celebrating the basic logic upon which the strong legitimacy of this type of welfare system rests. Here too, then, the particular pattern of reforms adopted in these welfare systems has been strongly influenced by their inherited institutional characteristics.

Judging by their more impressive employment performance in the first decade of the 2000s up until the onset of the Great Recession, these reforms had some success in reversing the ‘welfare without work’ spiral that West Central European countries faced in the 1980s and 1990s. However, alongside the fact that partial reforms could by definition only partially address the sustainability challenges that these welfare systems face, criticisms also mounted concerning the distributive implications of these marginal adaptations of the Bismarckian model. In many of these countries much recent employment growth has come through expansion of the newly liberalised atypical jobs, creating an increasingly segmented labour market in which some workers enjoy stable, permanent employment while others cycle between successive temporary contracts interspersed with periods out of work. Given the continuing and even strengthened role of the contribution principle in the reformed social insurance schemes, however, it became ever-more difficult for the latter group to build up entitlement to insurance-based protection for their temporary periods of work absence, or indeed to make the contributions they need for a full pension in the future. In this way, these reforms may be argued to have reinforced and institutionalised a sort of social and economic dualism, between stably employed workers with good status-maintaining social protection guarantees (as well as better access to supplementary non-state provision) and precarious workers forced to fall back on minimum income protection to support them in the event of life course risks and in old age (Palier, 2010b).

While such dualistic tendencies are clearly visible in many social protection reforms in West Central European countries, it would however be reductive and misleading to reduce all policy changes enacted to this trend. There have also been some recent developments that push against the traditional political and institutional dynamics of Bismarckian social protection reform and hint at a more fundamental change in the basic philosophy and objectives of these welfare systems being underway. Particularly in Belgium and France, the share of general tax sources in all social protection revenues has increased since the late 1990s considerably more than could be explained by the growth of social assistance schemes alone, as governments have sought to move the funding of social insurance to a more diversified and employment-friendly mix. In many countries, governments have also moved to increase their control of social protection reform by significantly limiting the policy-making autonomy of the social partners in this field, and, in the case of the Netherlands, excluding them from their traditional co-governance role altogether in some areas.
Partly for this reason, perhaps, securely employed ‘insiders’ have in reality also been less insulated from recent reforms than the dualisation narrative would expect. For example, pension changes enacted across West Central Europe mean that even if current workers have complete employment biographies they will receive considerably less generous levels of income replacement on retirement than in the past. Likewise, reforms to unemployment insurance have in many countries reduced the generosity and duration of benefits even for ‘good contributors’ and extended tough activation requirements to them. The ‘Hartz reforms’, adopted in Germany between 2003 and 2004, are in this respect emblematic. Highly controversial and bitterly contested, these reforms – and especially ‘Hartz IV’, which merged parts of the German unemployment benefit system with social assistance while tightening job search requirements for claimants – seem to frontally attack the foundational principles of the paradigmatic Bismarckian welfare state, such as the ‘status maintenance’ aim of social protection (Bothfeld and Rosenthal, 2017). Indeed, on some social outcome indicators for vulnerable people of working age Germany looks increasingly like a ‘liberal’ welfare state (Ferragina et al., 2015).

There is equally some evidence from reforms in West Central Europe since the turn of the millennium of a turn towards more ‘outsider’-friendly social policies. Alongside the universal embrace of activation principles this is perhaps most evident in the area of family policy, where provisions for childcare and parental leaves have been expanded in recent years, in some cases spectacularly (Morgan, 2013). With a similar aim of encouraging female labour market participation, pension systems have been reformed to reduce care-related career-break penalties. More generally there have been some efforts to extend basic social insurance to those with non-standard employment biographies, most notably but not uniquely in the Netherlands. Hemerijck (2017: 188) thus concludes that, overall, continental European welfare states have witnessed a “significant catch-up towards social investment priorities and policies”.

The experience of these social systems since the onset of the Great Recession in 2008 has not greatly clarified their longer term prospects. On the one hand, the fact that in all countries of West Central Europe the initial labour market impacts of the crisis were contained relative to the size of the economic shock they confronted helped re-legitimise the demand-side economic benefits of generous social protection systems capable of having significant automatic stabilisation effects. On the other hand, though, the particularly impressive performance of the German economy across the crisis as a whole has been widely interpreted as a vindication of ‘Hartz-style’ radical supply-side reforms to continental welfare – even if in reality recent German economic performance owes rather more to processes of company restructuring and wage restraint dating back to the mid-1990s as well as to German economic specialisation and patterns of international demand. The massive deployment of the ‘classically Bismarckian’ (Saachi et al., 2011) instrument of short-time working compensation also played a significant role in mitigating the employment effects of the economic crisis in Germany, as it did in most countries of West Central Europe.

Although austerity plans since 2010 have seen considerable retrenchment of social protection in much of West Central Europe, it is difficult to discern what these changes may tell us about longer term trends. Core middle-class protections such as pensions and health insurance have witnessed the strongest retrenchment efforts in most countries, but ostensibly only because these are the most expensive parts of these social systems, and generally in the teeth of considerable public opposition. In Germany, where stronger economic growth has created a more benign environment, recent reforms to pensions in particular have actually been expansionary, seeking to ‘correct’ what have come to be perceived as overly restrictive reforms from an earlier period. There is thus limited evidence that élites are ready to repudiate core commitments of the continental model or that public opinion is resigned to that. At the same time, while newer
commitments arising from the ‘social investment’ turn in continental welfare may have been expected to be especially vulnerable in a period of fiscal restraint, in fact the evidence suggests that efforts have generally been maintained or even enhanced in these areas in most West Central European countries since 2007 (Borosch et al., 2016).

In sum, after the economic crisis as before it, interpretations of current social protection trends in the continental European heartland of the welfare state diverge. On the one hand, arguments about dualisation portray the contemporary West Central European welfare state as in the process of becoming a less encompassing and less egalitarian inheritance of its status-maintaining, corporatist past. Others see more what Seeleib-Kaiser (2002) first identified not as ‘dualisation’ but as a ‘dual transformation’, whereby the aim of protecting achieved living standards is progressively abandoned in favour of supporting individuals and families through improved service provision. The somewhat contradictory developmental dynamics of the welfare systems of West Central European countries in the new millennium make it difficult to say for certain which if either of these alternative welfare futures will prevail in the long run.

Conclusion

As an institutional model, the welfare system of West Central European countries has proved remarkably resilient, largely outliving the political and religious forces that supported the objectives it was designed to realise. It has helped cement a solid collective commitment to extremely generous welfare provision in countries that are often larger and less socially and culturally homogeneous than in Nordic Europe. In recent decades, however, its very resilience has come to appear problematic, as a commitment to institutional preservation in a context of social and economic change has driven reforms in directions that have been problematic both for economic performance and for social solidarity and cohesion. While there are indications that some current reform trends are leading to the partial convergence of Bismarckian welfare systems on the less narrowly protective but more universalistic and proactive approach to social policy that has long characterised Nordic Europe, it remains to be seen whether the unpicking of the Bismarckian institutional structures that these reforms require will prove compatible with the maintenance of a strong commitment to generous social protection. The welfare model of West Central Europe is currently at a crossroads, and the direction it takes in coming years will tell us much about the more general prospects for generous social protection in the new economic and social environment that all developed welfare states today confront.

References


Central European welfare states


