

EISS YEARBOOK ♦ ANNUAIRE IEES

---

2001

Edited by  
D. Pieters

# European Social Security and Global Politics

# European Social Security and Global Politics

*edited by*

Danny Pieters

EISS Yearbook 2001  
Annuaire IEES 2001

**Kluwer Law International**  
London – The Hague – New York

*Published by:*

Kluwer Law International

P.O. Box 85889, 2508 CN The Hague, The Netherlands

sales@kli.wkap.nl

<http://www.kluwerlaw.com>

*Sold and Distributed in North, Central and South America by:*

Kluwer Law International

101 Philip Drive, Norwell, MA 02061, USA

[kluwerlaw@wkap.com](mailto:kluwerlaw@wkap.com)

*Sold and Distributed in all other countries by:*

Kluwer Law International

Distribution Centre, P.O. Box 322, 3300 AH Dordrecht, The Netherlands

Library of Congress Cataloging-in-Publication Data is available.

Printed on acid-free paper

ISBN 90-411-1948-5

© 2003 Kluwer Law International

Kluwer Law International incorporates the imprint Martinus Nijhoff Publishers

This publication is protected by international copyright law.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher.

Printed and bound in Great Britain by Antony Rowe Ltd.

# Table of Contents

Introduction	1
<i>Danny Pieters</i>	
Ten European Systems of Social Protection: An Ambiguous Convergence	3
<i>Christine Andre</i>	
I. Some Convergence in the Evolutions of Social Expenditures and of their Financing? Unclear Conclusions	4
II. The Search for Retrenching the State	13
III. New Necessary Public Interventions	24
IV. An Ambiguous Convergence	27
V. Conclusions	41
Globalisation and the Welfare State: More Inequality, Less Redistribution?	45
<i>Agnar Sandmo</i>	
1. Introduction	45
2. The Causes of Increased Inequality	46
3. Trade, Factor Movements and Inequality	48
4. Redistribution Policies in a World of Factor Mobility	51
5. Some Evidence	54
6. Theoretical Modifications	57
7. Conclusion	58
Globalisation, Worker Mobility and Social Protection	61
<i>Dries Crevits and Bea Van Buggenhout</i>	
Introduction	61
I. Worker Mobility: A Complex Issue	62
II. Solutions for Problems Concerning the Statutory Social Security Schemes	71
III. Solutions for Problems Concerning Complementary Social Insurances	85

IV. How Companies Manage the Issue of Worker Mobility: 'Global Employment Companies'	87
Conclusion	92
<b>Regional Social Security: Are Innovative Developments in Southern Africa Relevant to the European Context?</b>	<b>95</b>
<i>Marius Olivier</i>	
1. Introduction	95
2. Background Perspective	96
3. The SADC Treaty and SADC Structures	98
4. Synopsis of Social Security Measures in SADC Member States	104
5. Social Protection at SADC Level: A Synopsis of Regional Instruments	106
6. The Social Protection of SADC Member State Citizens as Migrants in SADC	110
7. Innovative Developments: Comparative Lessons?	119
8. Conclusions	141
<b>Globalisation and the Design of the Welfare State</b>	<b>145</b>
<i>Einar Overbye</i>	
Introduction	145
1. Too Many Independent Variables?	145
2. Sunny Side Up: Welfare as a Commodity	147
3. The Dark View: Welfare as Non-essential Production Costs	155
4. The Mixed View: Globalisation and the Design of the Welfare State	159
5. From Convergence to Divergence	162
Conclusion	163
<b>Towards a Social Globalization: A Blueprint for a Global Social Security Policy</b>	<b>167</b>
<i>Steven D'Haeseleer and J. Berghman</i>	
1. Introduction	167
2. The Necessity of a Global Social Policy	168
3. Towards a Global Social Security Policy	177
4. Conclusion	184
<b>Welfare States within the Globalization Dilemma: The US and the European Social Model in Comparison</b>	<b>189</b>
<i>Georg Vobruba</i>	

Perverse Principles of Welfare Reform	199
<i>Robert E. Goodin</i>	
I. The World We Have Lost	199
II. Perverse Principles of Welfare Reform	203
III. Preferable Principles of Welfare Reform	213
IV. Toward a Social Protection State	219
Classic Principles and Designs in European Social Security	225
<i>Jochen Clasen and Wim van Oorschot</i>	
1. Introduction	225
2. Principles, Designs and Measuring Change – A Closer Look	227
3. What to Expect?	233
4. Changing Principles and Practices	238
5. Conclusions	258
The UK and Pensions: Maverick or the Only One in Step?	267
<i>Sue Ward</i>	
Introduction	267
Background: The UK System	268
New Labour's Pension Reform	269
The Level of State Basic Pension	270
The Pension Credit	271
Affordability?	272
Costs	274
Funding	275
Conclusion	275
Viewing the Reforming Pension Schemes in Europe:	
A Parallel Development	279
<i>Mojca Novak</i>	
Introduction	279
Pension Reform in Transition Countries	282
Pension Scheme Reforms in Different Welfare State Frameworks	284
Conclusions	299
European Pension Systems – The Real Challenge of the 21st Century	303
<i>Maria Augusztinovics</i>	
1. A Transition (?) Story	303
2. The Moral of the Story	317
Annex: Data and Methods	322

DANNY PIETERS\*

## Introduction

The annual conference of the European Institute of Social Security for the year 2001 was organized by the Norwegian section of the Institute: the Center for Social Science Research of the University of Bergen and the Research Council of Norway. Special thanks go to all the members of the Local Organization Committee, which was set up in order to ensure the smooth organization and running of the Conference.

The 2001 E.I.S.S. Conference was situated in the wonderful city of Bergen, more specifically in the magnificent Center for Social Science Research. From 27 to 29 September the Conference focused on the subject of 'European Social Security and Global Politics'. Once again the conference assembled a group of utterly motivated and dedicated social security researchers and high-quality administrators from all over Europe. In the most friendly and well-organized way, the participants were welcomed. Not only were they invited to participate in an inspiring and informative conference, but they also had the opportunity to explore the city of Bergen.

As usual, the theme of the conference was chosen very carefully, related to the ongoing discussions in the world of social security and social protection on globalization. In the first session the speakers focused on the different European welfare states and the impact of European integration upon their national systems. During the second, several participants paid attention to the issue of 'globalization and social security'. The third session concentrated on the normative basis of social security in a global economy. Another session was organized on globalization, Europeanization and national social security and protection systems.

For the second year in a row, the conference issued a call for papers as well as inviting speakers. In December 2000 the Norwegian organizers launched

\* Secretary-General of the E.I.S.S.

this initiative, which had proven to be a success in the previous year. This year it resulted in the participation of 22 speakers.

In this 2001 E.I.S.S. Yearbook a choice had to be made, therefore only part of the papers are included. However, our gratitude goes to all the speakers for their fascinating and challenging input. Listed in alphabetical order, we would like to thank Christine Andre, Maria Augusztinovics, Roger Beattie, J. Berghman, Jochen Clasen, Dries Crevits, Steven D'Haeseleer, Richard Disney, Eberhard Eichenhofer, Maurizio Ferrera, Heiner Ganssmann, Robert Goodin, Ana Marta Guillen, Mojca Novak, Marius Olivier, Einar Øverbye, Martin Rhodes, Agnar Sandmo, Erika Szysczak, Bea van Buggenhout, Wim van Oorschot, Georg Vobruba and Sue Ward. Furthermore, we would like to show our strongest appreciation yet again to the organizers of the 2001 E.I.S.S. Conference as well as to the participants for their remarkable contributions during the discussions.

E.I.S.S. is more than ever in the vanguard of the debate on social security in Europe. The new Yearbook confirms this. The participation of many younger scholars makes us confident in the future of our organization.



CHRISTINE ANDRÉ\*

## Ten European Systems of Social Protection: An Ambiguous Convergence

All European systems of social protection have had to cope with many and various economic, social and, in some cases, political tensions since the mid-1970s. Adjustments have proven necessary. These common difficulties, the adjustments required by the Maastricht criteria and the rise of a neoliberal ideology have all exerted influences leading to apparently similar changes in social protection. But what is their real degree of similarity? This paper aims to study an eventual convergence of the social state in ten European countries.<sup>1</sup>

A preliminary problem arises over the well-known difficulties of international comparisons<sup>2</sup> and especially the choice of a pertinent method. Such wide questions cannot be discussed here. The underlying hypotheses on which this paper relies are those of the French '*théorie de la régulation*' (Boyer, 1987). This theory, above all, puts the accent on long-term regularities of institutions, considered with a broad sense, and of inter-relations between actors, organizations, and their 'context'. These regularities define a 'configuration' of state-

\* Directrice de Recherche au CNRS, France

<sup>1</sup> The ten countries are: Netherlands, Belgium, Germany, France, Denmark, Sweden, United Kingdom, Italy, Spain and Portugal.

<sup>2</sup> The field of comparative research on social state must be fairly wide for allowing the taking into account of all the differences in concepts associated with 'risks', in the type of measures associated with similar ends, and in the connections between risks and between measures. So, what is at the centre of such a research is social protection with an enlarged conception (including, for instance, employment policies), provided not only by the state but also by private associations, family, charities, etc. As this field is very broad, its presentation can only be limited in this paper, the possibility of going down at a detailed level being here excluded. The question of social protection is mainly dealt with at a macro-level.

economy relationships<sup>3</sup> (Boyer-Saillard, Delorme-André). A systematic research into new configurations of the social state goes beyond the limits of this paper, but, simply, what is rather sought is highlighting the transformations of important elements of social protection which contributed to the definition of the previous long-term configuration that lasted from approximately the post-war period to the middle of the 1970s. This allows some indications to be given on the redefinition of configurations.

More particularly, the accent is on the study of a possible convergence of systems of social protection in a wide sense. It will be shown that, though the objectives of social policies and the trends in public interventions are largely similar when considered at a global level, the modes of implementation of these interventions are quite diverse and some interventions remain country-specific.

The presentation will be made systematically by referring to four classical clusters of welfare-states: 'continental', nordic, Anglo-Saxon, and southern countries. 'Quantitative', then 'qualitative' evolutions of social state will be considered. The evolutions of social expenditures and of their financing are studied in part I. Part II deals with the similarities and differences in the retrenchment of the social state. New public interventions also prove necessary in opposition to this tendency (part III). Globally, the convergence of social states seems ambiguous, and even if the four classical clusters of the welfare state may still be distinguished, their frontiers are blurring (part IV).

# I. SOME CONVERGENCE IN THE EVOLUTIONS OF SOCIAL EXPENDITURES AND OF THEIR FINANCING? UNCLEAR CONCLUSIONS

First, several indices of the recent evolutions of the social state relating to social benefits and to their financing,<sup>4</sup> are compared.

## A. *Social expenditures: a converging relative share, but still specific structures*

The recent period is characterized by a particularly high growth rate of social expenditure<sup>5</sup> (Table 1). Both cash and in-kind social benefits have a major role in the expansion of global public expenditures: they widely stimulate the global

<sup>3</sup> Moreover, this French '*théorie de la régulation*' makes a distinction between the 'crises' that induce changes 'in' a configuration (when a 'small' crisis) or 'of' a configuration (when a 'big' crisis) (Boyer, 1987). Such a problem cannot be dealt with here but is of importance for the contemporary period.

<sup>4</sup> I have used Eurostat data. They cover public benefits and the part of private expenditures for which statistics are available. The question of the importance of private benefits is particularly studied in W. Adema and M. Einerhand (1998), 'The Growing Role of Private Social Benefits', OECD, Labour Market and Social Policy Occasional paper no. 32.

<sup>5</sup> As the evolution of benefits as a percentage of GDP depends on the fluctuations of GDP, it is also necessary to look at the growth rate of constant price benefits.

Table 1: Social benefits (as a percentage of GDP) and average annual growth rate of social benefits at constant price

Country	Benefits (as %age of GDP)		Annual growth rate of benefits at constant price (%)		Benefits (as %age of GDP): position relative to the European average**	
	1980 A	1998 B	1980–94	1993–97	1980	1998
Netherlands	29.0	26.8	2.13	–0.05	H	m
Belgium	26.5	25.9	1.52	1.41	H	m
Germany*	28.0	28.2	2.21	2.92 (1992–96) –1.17 (1996–97)	H	m
France	23.9	28.9	3.06	2.28	m	m
Denmark	28.0	29.2	2.76	0.19 (1994–97)	H	H
Sweden		32.8	2.79 (1990–94)	–0.27 (1994–97)	–	H
UK	19.7	26	3.33 (1980–93)	1.52	l	m
Italy	18.0	24.4	4.56	0.35 (1992–95) 3.85 (1995–97)	l	m
Spain	17.5	21	4.93	–0.19	l	l
Portugal	11.6	20.1	6.63	5.62 (1994–97)	l	l

Source: Eurostat: A: old series; B: new series.

\*West Germany, old series 1980–94, Germany (post-unification), new series 1992–96 and 1996–97.

\*\*H (high) = benefits in a country are larger than the European average by more than (average level) +2.5%; m (middle) = difference is between (average level) – 2.5% and (average level) +2.5%; l (low) = benefits in a country are smaller than (average level) – 2.5%.

move when public expenditure increases, but are less often curbed when global expenditure is slowing down. So a kind of hysteresis characterizes social expenditure in a majority of countries, but this is less clear in Spain, the Netherlands and Sweden. This dynamic contributes to explaining why, in the recent period, when taxes and social contributions were squeezed by economic evolutions, most public interventions aimed particularly at controlling social expenditure.

Periods of changes in the growth rate of real benefits are most often linked, in each country, to its specific economic and political conditions; a major downward turn took place around 1993 in all the countries, with a strong decrease in benefit growth. This may widely be ascribed to the Maastricht Treaty and the implementation of its associated criteria, and may be observed even in the countries which remain outside the treaty. Moreover, not only total benefits, but most of the benefits for each risk have been affected by the downturn of 1993 (Tables 2 and 3).

These results lead to a bracket of one-fifth–one-third of GDP in 1998 for the proportion of social benefits. It is lower in Spain and Portugal with around 20–

Table 2: (a) Benefits by risk (as a percentage of total benefits) and (b) annual growth rate of benefits at constant price

Type of benefit	Neth	Belg	Ger	Fr	Den	Sw	UK	It	Sp	Port
<i>(a) Benefits by risk as a percentage of total benefits – 1998</i>										
Sickness*	28.5	24.5	28.1	29.2	19.3	23.4	25.2	23.4	29.2	33.2
Disability	11.8	8.8	7.9	4.9	11.6	11.6	11.6	6.2	8.1	12.6
Old age	41.1	42.8	42.3	44	38.4	39.5	43.8	64	46.2	42.7
Family	4.5	8.5	10.1	9.8	13	10.8	8.6	3.6	2.1	5.3
Unemployment	7.3	12.7	8.7	7.6	11.7	9.3	3.6	2.7	13.5	4.7
Housing	1.6		0.7	3.2	2.5	2.5	6.2		0.3	
Social exclusion	5.2	2.7	2.2	1.4	3.7	3	0.8	0.1	0.7	1.5
Total	100	100	100	100	100	100	100	100	100	100
<i>(b) Annual growth rate of benefits at constant price (%)</i>										
Sickness*	a: 2.1 c: 0.7	a: 2.8 c: 0.8	a: 2.6 b*: 1.6	a: 3.3 c: 2.2	a: 0.4 c*: 1	– c: 0.4	a: 1.5 c: 2.3	a: 4.1 b: –2.5	a: 5.2 c: 0.3	a: 7 c*: 4.6
Disability	a: 1.8 d: –0.7	a: 0.6 d: 5.4	a: 2.2 d*: 7.3	a: 2.7 d: 0.3	a: 3.2 d: 4.8	– c: 1.8	a: 6.3 d*: 8.0	a: 4.1 d: 0.2	a: 4.8 d: 2.5	a: 5.3 d: 3.3
Old age	a: 3.4 c: 0.6	a: 2 c: 2	a: 2 b*: 2.9	a: 3 c: 3	a: 2.8 c*: 2.3	– b: 1.9	a: 2.9 c: 2.1	a: 5.5 b: 1.7	a: 4.9 c: 3.2	a: 6.9 c*: 7.8
Family	a: –1.9 d: –4.3	a: –0.7 d: 1.7	a: –0.3 d*: 5.9	a: 0.9 d: 4.4	a: 3.9 d: 4.5	– c: –4	a: 1.6 d*: 3.1	a: –1.2 d: –2.9	a: –2 d: 5.3	a: 3.1 d: 3.4
Unemployment	a: 1.9 c: 5	a: 0.6 c: –0.2	a: 2.8 c*: 1.2	a: 4.8 c: –2.2	a: 2 c*: –8.2	– c: –3.9	a: –3.9 c: –11.4	a: 0.7 b: 2.8	a: 5.9 c: –11.3	a: 11.5 c*: 2.1
Housing	d: 1.9	n.a.	d*: 0.3	d: 4.9	d: 3.4	c: –4.8	d*: 8.2	d: 18.8	d: –2.4	d: –2.5
Social exclusion	n.a.	d: 1.2	d*: 7.8	d: 2.2	d: 4.7	c: –1.4	d*: 1.1	d: 2.6	d: 14.4	d: 17.8

Source: Eurostat

\*With occupational accidents and disease.

a: 1980–94; b: 1992–95; b\*: 1992–96; c: 1993–97; c\*: 1994–97; d: 1990–97; d\*: 1991–97

Table 3: Benefits by risk (as a percentage of GDP): position relative to the European average\*

	Sickness		Disability		Old age		Unemployment		Family	
	1980	1998	1980	1998	1980	1998	1980	1998	1980	1998
Neth	H	m	H	m	m	m	m	m	m	m
Belg	m	m	m	m	H	m	H	m	m	m
Ger	H	m H**	m	m	H	m	m	m	m	m
Fr	m	H	m	l	H	H	m	m	m	m
Den	H	l	m	m	H	m	H	H	m	H
Sw	-	m	-	H	-	H	-	m	-	H
UK	l	m	m	m	m	m	m	l	m	m
It	l	l	l m	l m	m	H	l	l	m	l
Sp	l m**	m	l	m	l	l	m H**	m	l	l
Port	l	m	l	m	l	l	l	l	l	l m**

\*H (high) = benefits in a country are larger than the European average by more than (average level) +1%; m (middle) = difference is between (average level) -1% and (average level) +1%; l (low) = benefits in a country are smaller than (average level) -1%.

\*\*When there are two letters, the value is exactly the boundary-point between the two corresponding segments.

21%, and higher in the Scandinavian countries, the Netherlands and France with around 29% or more. Some convergence seems to take place in the long term as the relative proportion of social benefits varies between 11.6% and 29% in 1980 (a gap of 17.4%, disregarding Sweden), and between 20.1% and 32.8% in 1998 (a gap of 12.7%). Thus, the corresponding bracket shrinks somewhat.

The last two columns of Table 1 relate to an index measuring the gap between the level of benefits in each country and the European average level of benefits, as a percentage of GDP. The comparison between 1980 and 1998 clearly shows that this gap tends to shrink, as the number of 'middle' gaps increase relative to 'high' and 'low'. This appears to corroborate some convergence, which is especially observed for the continental countries, the United Kingdom and Italy.

However, this global convergence corresponds to the very specific dynamics of each risk depending on countries.<sup>6</sup> Old age benefits and health expenditures are the main components contributing to the long-term growth of overall social benefits, both because of their large volume and faster growth (Table 2). It may be noted that there is no link between the principles underlying the schemes for each of these risks and the growth rate of their expenditures.<sup>7</sup> Unemployment benefits and general neediness allowances have also been submitted to sharp rises, but only for short periods. In general, family and disability benefits have smooth growth as, in general, the state has considerable room for manoeuvre for their management and may continuously control them. Indeed, the state is often the main powerful actor in these fields. All in all, the structure of social benefits tends rather towards divergence.

As previously, an index of the gap between the benefits in each country and the European average has been built-in for each risk. When comparing the number of 'middle' gaps between 1980 and 1998, it is possible to consider that there has been some convergence for sickness benefits in all the four clusters; a limited convergence for disability taking place only in the southern countries; some convergence for pensions coming from the continental and Nordic countries; no convergence for unemployment and family. But, as the content of each 'risk' is country-specific, it is necessary to take into account 'qualitative' aspects of interventions.

In summary, when looking at different indices for social expenditure, there is no uniform trend: some indices are converging, others diverging.

<sup>6</sup> Furthermore, the content of each risk is also country-specific, so occurrences of substitution and complementarity are present here.

<sup>7</sup> For health, the various types of system are those defined by OECD: national health service (United Kingdom, Denmark, Spain, Italy, Portugal), system of reimbursement (Belgium, France) and a contractual system (Germany, the Netherlands). For pensions, the types of systems are defined for basic schemes, by referring to the coverage (for instance, wage-earners, resident), the kind of benefit (linked to wage or lump sum benefit), and to the financing structure.

*B. Some convergence of the financing system*

Is there some convergence in the financing of social benefits? The three main financing components are social contributions paid by protected persons, social contributions paid by employers and current general government contribution (based on taxes). In general, the fourth part, which mainly consists of fees or expenditure supported by users is negligible, but significant in some countries (the Netherlands, the United Kingdom and Portugal), where market mechanisms are relatively more important for social protection.

Globally, the financing structure is linked to the type of social protection, Bismarckian or Beveridgean (Table 4). In 1998, contributions of employers were especially high in Spain (52.2% of the total), Italy, Belgium, and France, and lowest in Denmark (8.7%). Contributions paid by protected persons vary between a minimum of 9.3% in Sweden and a maximum of 34.3% in the Netherlands. Current government contribution is lowest in the Netherlands (15.7%), highest in Denmark (67.2%). They are generally higher when there is a national health service or a universal old-age pension, but it is not always the case.

The financing structure may vary largely within each cluster of countries. For instance, in 1998, there are wide differences between Denmark and Sweden, within the southern group, and between the Netherlands and the three other countries of the continental group. This leads to some unexpected similarities, such as the one between Sweden and Portugal in 1998.

Several observations may be made for the middle–long term results:

- The relative share of contributions paid by employers generally decreases during the 1980s. The same trend is observed in most of the countries and is particularly pronounced in Portugal. But these contributions increase during the 1990s in Belgium and, to a lesser degree, in the Netherlands, Denmark and Sweden.
- Contributions paid by insured persons have risen relatively during the whole period. This is especially the case in the Netherlands, Denmark and Sweden, three countries where the relative share of total contributions has expanded.
- Thus, the relative shares of total contributions are now more similar than at the beginning of the period.
- There is also some convergence in the results of the relative share of public contribution until the middle of the 1990s.
- The fourth part (tariffs, fees, etc.) has quite different results. It is relatively important for most of the period in the Netherlands and Portugal, where private social services and the place of tariffs and fees have expanded. It was also important in the United Kingdom until the middle of the 1990s.

Table 4: Current receipts by type (as a percentage of total receipts)

	Social contributions paid by employers		Social contributions paid by protected persons		Current general government contributions		Other current receipts		Total	
	1980	1998	1980	1998	1980	1998	1980	1998	1980	1998
Neth	37.0	30.1	31.0	34.3	20.4	15.7	11.5	19.9	100	100
Belg	44.5	50.6	17.8	22.4	34.0	24.4	3.8	2.6	100	100
Ger*	41.5	37.4	28.0	28.7	26.9	30.9	3.5	3.0	100	100
Fr	55.5	46.5	24.2	19.9	17.3	30.7	2.9	2.9	100	100
Den	10.0	8.7	2.3	17.9	82.9	67.2	4.7	6.3	100	100
Sw	—	39.1	—	9.3	—	45.8	—	5.9	100	100
UK	33.5	27.0	14.5	24.4	43.2	47.9	8.7	0.7	100	100
It	60.0	44.7	13.9	14.8	23.8	38.3	2.4	2.2	100	100
Sp	63.6	52.2	18.8	17.5	16.1	27.2	1.5	3.1	100	100
Port	53.2	29.5	18.7	17.8	25.4	42.6	2.7	10.0	100	100

Source: Eurostat: old series for 1980, new series for 1998.

\*West Germany for 1980, Germany (post-unification) for 1998.



In brief, social contributions have developed to the detriment of tax financing in the Nordic countries, in the Netherlands, and to a lesser extent in Belgium, countries where their initial relative share was relatively low. On the contrary, a relative decrease of social contributions, compensated by an increase of tax financing, takes place in countries where their initial share was large (in France where the '*contribution sociale généralisée*' has substituted for a part of social contributions since 1989<sup>8</sup> and potentially in Germany with the recent eco-tax) as well as in countries where it was small (the United Kingdom, for instance). Some analogous change (decreasing contributions, growing taxes) is also observed in Spain, Portugal and Italy. This may partly be linked, among other reasons, to the implementation of national health services at the turn of the 1970s and the 1980s which implies such a type of financing, and to the political will of keeping the advantage in terms of low labour costs, the reduction of social contributions being part of that.

To sum up, there has been some convergence towards an intermediate position for the countries which were the nearest to Beveridgean and Bismarckian 'ideal' categories.

### *C. The state as an employer: specifically national variations*

The role of the state as an employer is another type of component of the social state. Public employment varies widely as a proportion of total employment. From this point of view, Denmark and Sweden correspond to a first group where the relative level of public employment was around 30–31% in 1995. France is just behind, with around 25%; then comes Belgium (around 19%). For the other countries, the proportion comprises between 12% and 16%.

There is no strict relationship between the ranking of countries relative to the proportion of social benefits in GDP and relative to the proportion of public employment in total employment, though the Scandinavian countries have the highest parts for both indicators. But the Netherlands, for instance, have the smallest proportion of public employment though social benefits are very high. Table 5 shows that, between 1980 and 1995, a strong increase (more than 4.3%) occurs for Spain, Portugal and France. At the opposite extreme, there is a strong decrease in the United Kingdom and the Netherlands. For the other countries, the variation is positive and less than 1.6% except in Denmark where it is 2.4%. There is no link between the level in 1980 and the following increase, but we may observe a high initial level and then a high increase, or a low initial level and decrease, or a high initial level and then decrease, etc. Modes of organization of social protection play an essential role in explaining such differences as social services are labour-intensive. If we look at the level of public employment in each country relative to the European average, the

<sup>8</sup> At the difference with income tax, the CSG is proportional and earmarked.