

- Maintain **high employment** and **low poverty rates**
- Scandinavian tradition of **universal coverage provided effective safeguard against poverty and exclusion**
- Most reforms based on strong consensus amongst the Soc Dem govts and conservative parties as well as employers and trade unions that there was a **need for modernisation**
- In terms of functional recalibration the Nordic countries have **moved much earlier than other social policy regimes**, towards dual earner economies with extensive public service provisions, parental leave opportunities and activation programmes for mothers returning to work
- **Anglo-Irish Third Way**
 - Ireland and UK considered closest approximation of **liberal regime**
 - **Modest levels of protection**
 - **Targeted provision**
 - **Constrained role for the State**
 - This view is **partly exaggerated**
 - Aggregate spending in UK is close to EU average
 - NHS is solid institution that caters to the needs of the entire population and offers wide range of provisions
 - But **unemployment benefits** are **meagre** and of **short duration**
 - Wage dispersion is high
 - Labour markets largely **deregulated**
 - Widespread social assistance (perhaps as income support is less stigmatised than in other countries)
 - **Low corporate, income and property taxes**
 - Liberal market economy features
 - **British Conservative gov. approach** = fairly orthodox market liberal approach
 - Thatcher abandoned Keynesian macro-economic commitment to full employment in favour of monetarist policy paradigm
 - Large scale privatisation, dismantling of trade union power, down-sizing of welfare state programmes
 - Long term result – growing economy but increase in mounting skill and productivity deficits
 - Flat rate nature
 - Residualisation of social security
 - Benefits erodes relative to real wages
 - New “**workfare**” philosophy
 - **Stricter benefit regime**
 - **Reduced number of claimants**
 - Helped restore public finances but markedly increased poverty
 - 1997 **Blair Gov; Third Way** reform
 - Fine tune benefit rules to neutralise traps caused by welfare to work schemes
 - Launched fight against poverty/social exclusion by increasing minimum wage and income guarantees,

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- Would entail superior efficiency and equity outcomes
- Several core attributes of most Bis. Members that would lead to superior Pareto frontier if reformed
- First symptom is related to **fertility** and therefore to **population ageing**
 - Continental European countries stuck in persistent **low fertility trap**
 - Huge **effects on population growth**
 - Ageing burden greater in Germany, Italy and Spain than elsewhere
 - Telling statistic is from surveys that ask citizens their desired number of children
 - Across EU countries, people invariably embrace two child norm
 - Any deviation from this signifies welfare deficit
 - **Preconditions for high fertility**
 - **Adequate parental leave**
 - **Job security**
 - **Access to childcare**
 - Fertility in advanced societies depends on gender egalitarianism and obstacles to female LFP
 - Suggests typical cash incentives for caring at home may be counter productive
- Secondly, **repressed female labour supply** related to motherhood **widens the gender divide** and **reduces potential economic growth**
 - Employment gap of women substantial in continental countries
 - Activity rate down 20% by mothers with preschool aged children
 - And mothers overwhelmingly in part time jobs esp. Germany, Netherlands
 - Absence of affordable childcare and too brief paid maternity leave period bear responsibility for employment and income gap
 - Universal provision of childcare doubly Paretian as Gov reimbursed via women's employment; tax and life earnings
- Thirdly, re **human capital investment**
 - Repeated examples of move towards ALMPs
 - Aimed at adult workers, proven that they can be quite costly and ineffective
- Conclusion
 - If Bis. Countries emphasise family services/take leap towards universal pension, would have irrefutable evidence of change beyond path dependency or ad hoc forms of adjustment
 - Some convergence towards **Soc Dem model seems more realistic than going for liberalism**
 - Would imply massive process of dismantling
- Reading III; **Murphy** (2012) The Politics of Irish Labour Activation; 1980 to 2010
 - Unlike most OECD counties, Ireland not yet developed full labour activation policies
 - But is under increasing pressures to do so
 - Why has Irish labour activation policy/implementation stalled over last 3 decades?
 - Framed by two crises; 80s and Now

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- Introduction
 - Labour Activation Policy **aims to make effective use of both welfare** expenditure and a claimant's time on income support to maximise the possibility of return to paid employment
 - Low in Ireland Vs OECD countries
- What is Labour Activation Policy?
 - Language – controversial; implies inactivity?
 - Encompasses wide range of approaches
 - From full conditionality (no welfare without work) to fully voluntary (offer of support not linked to income support)
 - **Liberal LAPs** push toward low paid work, limits role of social policies
 - **Universalistic LAPs** stress high standards of social protection & ALMPs; training/decent employment
 - Where does **Ireland** stand?
 - Interpretations of labour activation depend on ideological predispositions of those in power
 - Dept. Social Protection definition
 - **Social contract where claimant commits to engage with services in a process of active case management and to develop and implement a personal progression plan and where failure to implement can lead to a withdrawal of payment**
 - Ref.: **NESC** (2011)
 - Most agree Ireland has made slow progress towards labour activation but little agreement what type of LAP Ireland should implement
 - Three different models of LAP
 - Flexicurity
 - Mutual Obligations
 - Active Inclusion for All
 - **Flexicurity (I)**
 - Danish model
 - Flexibility and security
 - Aims to enable flexible transitions between work & unemployment
 - Periods of unemployment cushioned by generous welfare schemes and workers remain active by participation in ALMPs
 - **Mutual Obligations Model (II)**
 - Promoted by the OECD
 - Recommends intensification of benefit control activity for the unemployed and other benefit recipient groups in a more coercive approach
 - Moderate benefits used to support compulsory education, training or labour market participation
 - Obligations of the unemployed
 - **Active Inclusion for All (III)**
 - Promoted by the European Commission
 - Holistic strategy that stresses work for those who can work and inclusion for those who cannot
 - Less work focused

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