A Long Goodbye to Bismarck?

The Politics of Welfare Reforms in Continental Europe

Bruno Palier (ed.)
# Table of Contents

## Acknowledgements

### Prologue: What Does it Mean to Break with Bismarck?

*Gøsta Esping-Andersen*

### Ordering change: Understanding the 'Bismarckian' Welfare Reform Trajectory

*Bruno Palier*

1.1 Introduction

1.2 A Historical Institutionalist Framework for Analysis

1.3 Bismarckian Welfare Systems as they Were

### A Social Insurance State Withers Away. Welfare State Reforms in Germany – Or: Attempts to Turn Around in a Cul-de-Sac

*Karl Hinrichs*

2.1 Introduction

2.2 The German Social Insurance State as we Knew it

2.3 A Sequential Reform Trajectory

2.4 The Consequences of Maneuvering out of the Cul-de-Sac

2.5 The Bumpy Road out of the Reform Blockade: How was it Possible?

2.6 Conclusion

### The Dualizations of the French Welfare System

*Bruno Palier*

3.1 Introduction

3.2 The Institutional Arrangements Reflecting the Post-War Compromises

3.3 The French Reform Trajectory

3.4 Conclusion: Dualisms in the French Welfare System

---

5
4 Janus-Faced Developments in a Prototypical Bismarckian Welfare State: Welfare Reforms in Austria since the 1970s 101
Herbert Obinger and Emmerich Tálos
4.1 Introduction 101
4.2 How Bismarckian was the Austrian Welfare State? 102
4.3 Welfare State Change since the 1970s: Reform Sequences 104
4.4 Bismarck is Dead. Long Live Bismarck 120

5 Continental Welfare at a Crossroads: The Choice between Activation and Minimum Income Protection in Belgium and the Netherlands 129
Anton Hemerijck and Ive Marx
5.1 Introduction 129
5.2 The Dutch Miracle Revisited 131
5.3 Belgium's Reluctant and Erratic Path towards Activation 139
5.4 Path-Dependent Policy Divergence across Small Continental Welfare Regimes 145
5.5 Explaining within Regime Policy Divergence 152

6 Italy: An Uncompleted Departure from Bismarck 157
Matteo Jessoula and Tiziana Alti
6.1 Introduction 157
6.2 A Bismarckian Route... With a First Departure 158
6.3 Departing from the Bismarckian Compromise: A Stepwise Process of Reform 161
6.4 Towards the End of the Bismarckian Compromise 177
6.5 Conclusions 179

7 Defrosting the Spanish Welfare State: The Weight of Conservative Components 183
Ana Guillén
7.1 Introduction 183
7.2 The Point of Departure: The Spanish Welfare State in the Late 1970s 185
7.3 Reforming Social Protection in the Last Three Decades 189
7.4 Explaining the Spanish Trajectory of Reform 202
7.5 Conclusions 205
8 Reform Opportunities in a Bismarckian Latecomer: Restructuring the Swiss Welfare State 207
Silja Häusermann
8.1 Introduction 207
8.2 Welfare State Growth in a Context of Institutional Power Fragmentation 210
8.3 Endogenous and Exogenous Challenges to the Swiss Welfare System 215
8.4 Reform Dynamics since the 1980s along Two Dimensions 218
8.5 Conclusion: The Politics Linking Modernization and Cost Containment 229

9 The Politics of Social Security Reforms in the Czech Republic, Hungary, Poland and Slovakia 233
Alfio Cerami
9.1 Introduction 233
9.2 The Period before 1945 235
9.3 The Period from 1945 to 1989 237
9.4 The Period from 1989 onwards 241
9.5 Policy Discourses and International Organizations 248
9.6 Conclusion 250

10 Reforming Bismarckian Corporatism: The Changing Role of Social Partnership in Continental Europe 255
Bernhard Ebbinghaus
10.1 Introduction 255
10.2 The Role of Social Partners in Welfare System Theories 257
10.3 Social Governance in Bismarckian Welfare Systems 261
10.4 Social Governance in Bismarckian Pension Systems 264
10.5 Social Governance in Bismarckian Labor Market Policies 270
10.6 Conclusion: Towards Reforming Governance 276

11 Trajectories of Fiscal Adjustment in Bismarckian Welfare Systems 279
Philip Manow
11.1 Introduction 279
11.2 Revenue, Debt, Expenditures 281
11.3 Dilemmatic Policy Choices 287
11.4 Taxes versus Social Insurance Contributions – French and German Experiences 292
11.5 Conclusion 297

TABLE OF CONTENTS
12 Whatever Happened to the Bismarckian Welfare State? From Labor Shedding to Employment-Friendly Reforms 301
Anton Hemerijck and Werner Eichhorst
12.1 The Adaptive Capacity of the Continental Welfare State 301
12.2 The Continental Employment Dilemma 305
12.3 Reconciling Welfare with Work: A Sequence of Intense Reforms 313
12.4 An Unfinished Social Reform Agenda for Bismarckian Countries 323
12.5 Conclusion 331

13 The Long Conservative Corporatist Road to Welfare Reforms 333
Bruno Palier
13.1 Introduction 333
13.2 How did Continental European Welfare System Change? The Commonalities of the Typical Bismarckian Reform Trajectory 335
13.3 How to Explain the Bismarckian Welfare Reform Trajectory? 362
13.4 What have the Bismarckian Welfare Systems Become? 374
13.5 What are the Main Economic and Social Consequences of the Welfare Reform Trajectory? 380
13.6 The Crisis and Beyond 385

Notes 389

Bibliography 403

About the Contributors 439

Index 443