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ORIGINAL SCIENTIFIC PAPER

European Integration and Social Convergence: A Qualitative Appraisal

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Summary: Although with the Maastricht Treaty, European construction took a remarkable step forward, the robust pillar of the single currency started to shake the other one: the social welfare systems. The main goal of this contribution is to study the evolution of Social Protection in Europe by questioning the existence of a convergence between the different social welfare systems and the impact of the Treaty of Maastricht on this process. The evolution of the social protection concept in Europe, the reforms implemented in the most important domains of social protection: pensions, health and employment are analyzed. A common philosophy clearly appears. The welfare State is receding, calling more and more upon market mechanisms. Furthermore, the traditional binary typology is changing and countries are becoming more similar in their financing methods. We can thus say that a process of social convergence seems well and truly underway in the European Union.

Key words: Welfare-state, Social welfare, Convergence, European Union

JEL: H53, O52, I38

Introduction

The European Union is built upon an explicit adhesion to liberal logic. Initially, it was set up to unify the markets. The principles linked to competition are thus at the heart of the European construction.

At the origin of the community project, and, in the spirit of Europe's founding fathers, the social progress (high rate of employment and social welfare) will ensue spontaneously from economic progress engendered by the Common market. The Treaty of Rome (1957) thus establishes the principle of legal and functional separation of the economic and social order. It is therefore

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clear that the social dimension of Europe was sacrificed for the benefit of the market economy which strongly imposed its influence. The engine of integration is essentially economic, with the social dimension playing only a secondary role. So, unlike the nominal convergence, the social convergence is little studied.

The main goal of our study in social convergence will be centred on a specific point. Indeed, with the Maastricht Treaty (1992), Europe made a giant step: monetary unification was completed. An enormous common base now exists.

But, the Welfare State, in particular the European social model establishes another older and more symbolic base. In spite of the various directions which it took, Europe always defended the specificity of its social model and the richness of this inheritance. Europe is the cradle of social welfare and remains the continent offering the highest level of protection in the world to its citizens. Today, the creation of the Economic and Monetary Union (EMU) has revived interest in this area. Indeed, the Maastricht Treaty, through five convergence criteria, imposes on European economies, the nominal convergence, based on liberal ethics. The theories of supply dominate. Consequently, the fight against inflation and the restoration of profits became dominant objectives. Convergence in the real sphere is not only stipulated, but, in addition, among these criteria, there appears a strong constraint in budget deficit (whose upper limit is 3 % of the GDP) which limits the room for manoeuvre for the policy-makers.

We can thus wonder up to what point the European economic and monetary dynamics, and, in particular, the application and the preservation of the budgetary convergence criterion affect the nature and degree of state intervention in Europe. We therefore ask whether the conditions of Single Currency implementation influence the dynamics of social protection, and in what ways. In spite of the extreme variety which characterizes the national social protection systems, does the Treaty of Maastricht work towards a convergence of these systems or in a different direction? Or is there an alternative scenario? In other words, what type of relationship maintains the nominal convergence and the real one, notably social convergence?

Diverse kinds of studies have been made of these problems of social convergence in Europe[1]. Some studied convergence in fact. During the eighties and especially the nineties, a considerable number of social policy reforms were implemented in the European Union. Even if advances in social welfare are still small (they concern first and foremost employment), tendencies and common developments seem to take place. Our social welfare systems unmistakably entered a phase of progressive change, sustained by reforms which are based on the same philosophy.

[1] For more details see the study of Attia and Berenger (2007), Corrado et al. (2003), Hagfors (2000) and Wolf (2002).

Other studies adopt a quantitative approach to the question, by carrying out econometric tests which consist in identifying the existence of an absolute or conditional convergence process[2].

In this contribution, we focus on the first approach. The paper is organized as follows. Section 2 proposes to analyze the evolution of the social welfare concept in Europe. Then, in section 3, the phenomenon of social convergence through the reforms implemented in Member States will be studied. Do they work around common tendencies?

1. From the Treaty of Rome to the Treaty of Lisbon: Evolution of the concept of social welfare in Europe

First of all, we propose to present the status of social welfare, during the European construction and then the changes which affected it.

1.1. Institutional and theoretical foundations of European construction

The principle of subsidiarity: an uncontested foundation.

Every country continued to develop its own social welfare institutions in its own way. The principles and the organization of the social systems come under the responsibility of the States according to the subsidiarity principle introduced into community law by the Maastricht Treaty. This principle, which sustains the functioning of the European Union (EU) in social matters, is not new; it is the organization rule which consists in reserving to the higher level, here the European community, anything which the lower level could not carry out except in a more effective way. The principle thus combines the idea of decentralization of the decisions with the search for maximum efficiency. So, no European treaty allocates responsibility to the European Community in the social domain.The role of the European Commission is restricted to coordinate the various national policies in social welfare. And the subsidiarity principle is often called upon to oppose social initiatives, at the European level.

Fiscal federalism: a theoretical support for the functioning of Europe?

This European choice could find a theoretical base in the theory of fiscal federalism[3]. The object of which is to study the division of competences between different power levels in a federal State and to determine the optimal level of deci-

[2] For a review of the literature and some new insights about social convergence processes, see N. Attia and V. Berenger, (2007).

[3] Tiebout C.M. (1956) "A Pure Theory of Public Expenditure", Journal of Political Economy, vol. 64 (5), p. 416-24.

sion for the main domains in public policy. Europe thus opted for the decentralization of social welfare[4]. However, this choice does not seem to have been guided by this type of theoretical option, but rather by the secondary place allocated to social policies, and by the strong desire to keep national sovereignty in a domain particularly marked by the weight of the historical traditions, which is known as the "dependency path".

Coordination or harmonization of social welfare?

Social welfare, at European level, can be approached, in order of increasing ambition, in terms of coordination or convergence. The coordination was implemented from 1958 and constitutes the first stage, stemming from the Treaty of Rome. It is a vast concept that, in the case of Europe, involves hardly binding principles. The variety of national systems is accepted but their coordination has to facilitate the free circulation of labour within the Community area. The convergence, or the harmonization, did not enjoy the same success. Indeed, from the middle of the fifties up to the Single European Act (1986), the major part, maybe all the advances in European Construction concerns primarily economic aspects without taking into account the social dimension.

1.2. Two decades later, the context changed

Since the 1980s, the economic and social environment profoundly changed. Europe has experienced strong structural alterations which make its social future very uncertain.

The difficulties accumulate

Europe is making an essential turn in its history, because it has to face numerous contradictory challenges such as weak growth, structural unemployment, ageing of the population, changing family structures and poverty.

Most of the social welfare systems of Member States face the same difficulties and the same challenges: since the factors of increase in social welfare expenditure accumulate, the welfare costs grow heavily and the revenues do not follow. The Welfare state is in crisis and the great institutional families composing the European social model are up against these socio-economic changes. New constraints increasingly present, are superimposed on these structural financing problems and place the European Union in a serious dilemma.

[4] The upholders of the theory of fiscal federalism are :
- Musgrave R. (1959), "In Theory of Public Finances ", MacGraw Hill, New-York.
- Oates W. (1972), "Fiscal federalism", Hartcourt Brace Jovovich. Oates recommends the centralization of the redistribution function. Delors referred to it to propose an intensification of the European Community competences in redistribution.

How to reconcile the development of international exchanges, in a context of globalization and competition, whilst respecting the fundamental rights of the workers? Globalization creates competitiveness (since the beginning of the eighties, the reduction of inflation acquired everywhere and especially in Europe, the status of absolute priority and thus constituted a factor towards a decrease in social contributions. And, finally how to reconcile greater needs for social welfare, with another constraint inherent to Europe: the pursuit of its unification by the institution of a single currency. The Treaty of Maastricht, creator of the economic and monetary union imposes a very strict budgetary discipline which makes all the enumerated challenges even more difficult to meet.

Anxieties appear

Facing these difficulties, several issues are raised. As social cohesion is crucial, we wonder about the viability of the existing systems. The idea according to which economic progress will succeed in lifting up the social models appears today completely utopian. The European systems of social welfare are threatened with regression. The preservation of the European social model considered as a community experience, countered incompatible with the continuation of European construction. We are afraid, on the contrary, of a levelling towards the bottom. Indeed, a social “dumping” is considered inevitable, in this context of competition. Wages and social security benefits of countries can be forced to decrease, by the competition from countries with more moderate labour costs and the least advanced in social welfare. Companies may be tempted to relocate to benefit from wages and working regime differentials between countries. And, finally, the heterogeneity of the current models and the differences in social welfare can imply migratory flows which, if they are significant, are likely to affect the economy of the most generous countries[5]. Certain authors do not hesitate to say that Europe is becoming synonymous with social “dumping” and that because of this it risks disintegration.

Questions re-appear

In search of solutions to these problems, to help Europe adapt itself to this new aggressive environment, and finally to get rid of a logic of social “dumping” in an objective of "welfare enhancing", certain questions reappear, questions whose responses seemed taken for granted and in particular that of the multi-governance levels. How to arbitrate between the decentralization, which is better suited to the heterogeneousness and centralization which spreads better externalities and makes possible the economies of scale? Even if the debates on the

[5] The phenomenon is explained by Tiebout. It is the theory of the "Vote with one’s feet", backcloth of the theory of the fiscal federalism.

Maastricht and Amsterdam Treaties sometimes revived the nationalist reflexes, we wonder if it is not relevant to establish a supranational authority to plan social policies. T. Boeri [6] wonders if Europe does not need harmonized social welfare.

We can think about the principle of subsidiarity and ask if it is relevant in Europe today. Recognizing this principle in its texts, the European Union chose the decentralization of social protection. The principle of subsidiarity and decentralization are close and complementary concepts. The principle of subsidiarity, such as it is registered in the Treaty of Maastricht, indicates, in other words, such as when the Commission has to intervene only when a project infers external effects, and\or economies of scale. Indeed, according to Oates[7], these two factors constitute a limit in the efficiency of the decentralization. However, as regards social protection, these two arguments seem weak. Economies of scale in social provision are difficult. As for externalities in social matters, taking into account the low mobility of work in Europe, they cannot play a significant role. Finally, to strengthen this position, the importance attached recently by the economists to access to information and its consequences should be mentioned. It is clear, then, that its access is much easier at the decentralized level (control of the beneficiary, knowledge of the situation of the assisted, etc). We can thus think that Member States retain greater effectiveness in social matters.

Another design form of social welfare appears

Under these conditions, a reflection on the evolution of the social welfare systems is imperative. In the eighties and the nineties, the stakes in the social welfare were essentially put in terms of cost, today's conception has evolved and we begin to perceive social welfare as a necessary factor of globalization, and especially as a possible control lever in the service of European unification. The European social model can appear creator of a European social identity. That is why the Summit of Lisbon (in March, 2000) ranks the social dimension among its priorities. The Lisbon Strategy is articulated around two main axes:

- prepare a competitive economy based on knowledge
- modernize the European social model by creating an active social State.

Member States are aware that, to avoid a lowering of standards, European solidarity must be organized. Thus, after a slow start, the European social policy took a decisive turn: it is henceforth coupled with the economic objective. "The Monnet method which grants priority to the economic is exhausted"[8].

[6] For more details, see T. Boeri (2002), "Does Europe Need A Harmonized Social Policy?", Conference on "Competition of Regions and Integration in EMU", 30th Economics Conference of the Austrian National Bank, Vienna, June.

[7] Op. cit.

[8] Ferry J. and Thibaud P. (1992), *Discussion about Europe*, Calmann-Levy.

It is now clear that the social objectives, moderated at the time of European construction, have shed their derived character and taken first place. However, national resistances still exist.

Is there convergence or maintenance of dependency path? Which of these two contradictory movements happens? We will consider this in what follows by studying the main reforms carried out.

2. The social convergence in Europe

The principle of subsidiarity inevitably implies a variety in the systems of social welfare in Europe. Social Europe is to a very large extent the result of national laws. In addition the similar challenges and constraints with which all the countries of the European Union are confronted, today, do not impose a common evolution. The European countries, in their process of current questioning, are obliged to adopt convergent reforms at the level of the objectives: it is a question for all who are facing the same problems.

So, in the eighties, parallel to the development of the Single Act, the Committee urged Member States to seek a convergence in certain domains of social protection. In 1989, the Charter of Fundamental Social Rights of the workers was adopted. This Charter is based on 19 fundamental rights which States undertook to respect. It was followed, in 1992, by two recommendations, the one on the convergence of the objectives and the policies of social protection, the other one on the guarantee of resources and services. In 1997, the Treaty of Amsterdam included a social protocol. In 2000, the Summit of Lisbon proposed the recourse to the OMC (open method of coordination) for social policy, notably to coordinate and advance the works in the field of social inclusion and pensions. The social policy is thus endowed with a new means. It is an instrument of governance that has been set up gradually since the end of 1990s. The Council of Lisbon forged this term and defined it as a means of propagating general directional lines in order to establish convergences. States have to define common objectives and to evaluate them. Not enough time has gone by to be able to appreciate the results of the OMC in European social convergence, especially since this method is very controversial. It is qualified as "soft". It is true that, within the framework of this method, the Committee restricts itself to recommending an increased collaboration in member states-based on the exchange of information. They are only recommendations which do not have the weight of directives. The OMC contains no constraining character and no sanctions unlike the Pact of Stability and Growth concerning the budgetary discipline.

The opponents of this method claim that it is only strengthening the principle of subsidiarity. Other comments are more moderate, if the OMC does not accelerate the convergence, it protects, at least, from the divergence. The same year, the treaty of Nice reaffirmed the importance of staving poverty and social exclusion and adopted the Social Agenda, a plan of multi-annual actions. Europe therefore shows a will to strengthen the community's social dimension and to move forward with the convergence of the social protection policies.

Beyond the obvious convergence of the general objectives, attention should be focused on the study of the convergence of the means used to face the heavy pressures from the environment, particularly those that were engendered by the European construction during the introduction of the single currency.

The European monetary unification encourages comparative analyses of social protection systems. Indeed, the national social policies are sovereign, but this autonomy is exerted in a global context very strongly constrained by the measures imposed for the realization of the Economic and Monetary Union (fiscal discipline and limitation of national debt). All the subjects of concern seem to coincide: those related to the conditions of integration of the single currency and the others such as the slowing down of growth, unemployment, the ageing population and globalization.

We question whether similar guidelines have been followed within this expansion of reforms implemented in the European Union for approximately two decades. It is thus to the concept of qualitative convergence that we appeal. Did the systems of social welfare systems in Europe adopt a common philosophy susceptible to highlight similar features which could support the hypothesis of a Europeanization of social protection? These questions should enable us to discover if Europe remained faithful to its values and to its famous social model.

A first observation of the policies and reforms implemented reveals a very clear tendency: the social-security benefits are much less generous.

A closer examination shows a change in the functioning of the social protection systems. Tendency towards more space for market mechanisms and the greater emphasis on non-state welfare providers reflect new awareness of the links between social policy and economic performance. While the social dimension, as a rule, was envisaged as a corrective to the process of construction of the single market, it is, on the contrary, being integrated into this process founded on the mutually reinforcing effects of good social and economic policies. Thus, the movement of the integration of markets necessarily comes along with a progressive erosion of the sovereignty of the national Welfare States. The reaffirmation of the liberal logic which means pressure in the decline of wage costs, associated with budgetary discipline imposed by the Treaty of Maastricht, joins in the same trajectory as the tendency towards observed limitation of the social-security benefits.

Finally, a third tendency can be highlighted: the traditional cleavage between the systems of social protection concerned with the principle of assistance and the principle of insurance have become considerably blurred.

Further to these remarks, it is possible to gather the European reforms of social protection around two main axes. The first two observed tendencies correspond to a retrenchment of the Welfare State in the EU. The last one reveals a convergence in the logic of the systems' workings, through the methods and resources used to finance social benefits.

2.1. The retrenchment of the Welfare state

The Anglo-Saxon countries were the first ones to implement policies of withdrawal ("cutting off") of the Welfare State[9]. The policies are expressed in two ways.

2.1.1. The social welfare weakens

Numerous studies showed that in times of crisis, the costs of the social protection represented too heavy a burden and, furthermore, a source of inefficiency. The response of the European countries was generally identical: they decreased their service in order to control their social budgets. In a general way, all the countries came together in the same movement: it is imperative to increase the control of welfare expenditures and to centre them on the most deprived or the most deserving. It means, for example, setting up rules on anti-accumulation and, especially, to restrict the criteria of eligibility for social benefits.

In France, for example, in the field of family benefits, benefits under conditions of resources have been developed and logic of positive discrimination has been set up.

In the sector of pensions, in numerous countries (France, Germany, the United Kingdom, Spain, Greece, Sweden, Italy), methods of calculation of the acquisition of the rights for the retirement have been changed by extending the number of years of contributions necessary to obtain a complete pension and by increasing the number of relevant years to calculate the pension replacement rate.

As regards health, refunding for certain care has been decreased, as well as the rate of compensation for disease (Sweden and Finland).

As for the unemployment insurance, further to their rise, most of the countries (Germany, Italy, Spain, France and Sweden) started to reform the conditions of compensation for unemployment in a more restrictive direction:

- By hardening the conditions of access to the unemployment benefits: Austria, Finland and Belgium for example, lengthened the duration of affiliation necessary to be eligible for unemployment allowances.

[9] Palier (1997) analyses this phenomenon for all of the European countries and particularly for France.

- By reducing the duration of the payments and the rate of compensation. In 1992, France redefined the rights for unemployment benefits with the creation of a single decreasing allowance. Also, Denmark, the United Kingdom and Spain significantly reduced the duration of compensation.

However, this tendency to the least generosity does not erase the disparities of cover within the social protection expenditures. Authors studied the convergence, at the level of the structure of the social protection expenditures[10]. Their results show that the majority of countries are similar as for the arbitrations made within the social budget. With the exception of the health expenditures, the importance of other spending (pensions, occupational accidents, unemployment) reveals a convergence.

All these reforms show that the countries of the EU all feel the same need to limit their welfare expenditures, and thus go in the same direction.

Another guideline influences them and confirms the retrenchment of the Welfare State.

2.1.2. A market logic settles in

To face the financial difficulties provoked by the gap between expenditures and revenues, numerous Member States appeal to the market mechanisms, the leader being the United Kingdom. According to B. Palier[11] "it is a new reference frame" which is outlined in Europe. The Welfare state is, today put at the service of competitiveness. The choice was driven by a wish for rationalization of the social protection systems. Their mechanisms should be made more effective, that is to improve the social benefits whilst controlling the expenditure. It is a way of compensating for the reduction in the level of public and compulsory social protection. In practice, that is carried out by making the actors more responsible and by putting them in competition. We can observe this tendency through two phenomena which today characterize the movement of Europeanization of the social protection policies:

- The privatization of the social protection, with an increasingly tight border dividing line between the public and private schemes. The first indication of controlling of the welfare expenditures identified in all the Member States is in the decline of the public cover rate (from 1980 till 1995, it has, on European average lowered by 6 points) and reveals the "commodification[12]" of social policies.

[10] For more details see the studies of B. Marzinotto B. (2006) and T. Püss, M. Viies et al. (2003/2005).

[11] B. Palier (2005), *Gouverner la Sécurité Sociale. Les Réformes du système français de protection sociale depuis 1945*. PUF.

[12] This concept is the opposite of the concept of “decommodification” defined by G. Esping-Andersen (1990). Decommodification is the possibility of reaching minimum resources apart from the market. It measures the degree of dependence with regard to the market economy.

- The reinforcement of the "principle of equivalence" or the insurance component between contributions and benefits. The principle of contribution giving the right to social benefits does not establish link at first between these two flows due to the redistribution components. Today this conception is evolving, and the balance between both is more and more the required objective, thus illustrating the decline of the logic of solidarity and of the redistribution objective.

It is a general movement in the EU justified by its effectiveness which is applied to the main domains of the social protection. To illustrate this tendency, we shall take the example of three essential components of the social protection: pensions, health, and social inclusion.

In the sector of pensions, it seemed to be accepted that pensions, particularly public pensions constituted a domain where the principle of subsidiarity should prevail. In 2001, OMC was organized to diffuse the best practices. Today, a tendency is clearly observed. The lengthening of life expectancy and the reduction in the birth rate affect directly the public PAYG pension schemes insofar as an increasing part of the produced wealth must be affected by an increasing number of pensioners. So, numerous measures have been implemented in order to encourage households to subscribe individually supplementary pensions by means of individual pension plans. Life insurance, for example, in France, benefits from fiscal advantages. Finally, pension funds are making their appearance in the countries which do not experiment traditionally this type of supplementary pension (Portugal, France and Italy), and which are urged to look for efficiency. The latest evolutions are based on the idea of the superiority of systems of private fully-funded pension schemes on unfunded pensions due to their higher returns and their a priori better resistance to demographic evolution. Furthermore, the implementation of a single currency favours the development of pension funds. It therefore means that the individuals are more and more involved in the coverage of risks, and that, the people deprived of pension are more numerous than in the past. Let us add that the European Court of Justice clarified that these optional additional regimes derive from the legislation applicable to the private enterprises of insurance where the rules of competition prevail. The question of pensions which had generally been approached at the individual member state is now tending to acquire a European dimension based on a liberal logic[13].

In the field of health[14], the convergence expresses itself at two levels. The medical coverage is being generalized and insurance schemes are transformed into universal national regimes: universal health coverage (CMU) in France, national health systems in Italy, Spain, Portugal and Greece. But at the

[13] For more details, see V. Berenger (2002).
[14] The OMC was applied in 2004.

same time, everything is done to allow the patients to understand the spending which health represents. It is in this sector that the promotion of competition has been the strongest.

The reforms of liberalization of disease protection, adopted in the nineties, come together around two axes:

- The stake in competition of the suppliers (providers) of care. The reform of the British National Health Service (NHS), in 1990, established a quasi-market for care[15] where hospitals and health centres are in competition to offer their services. The mechanisms of quasi-markets served as reference to another national system of health: that of Spain where, since 1995, competition exists between the public and private establishments. Other countries followed this orientation (Finland, Sweden and Denmark).
- The stake in competition of health insurers[16] (purchasers). The most significant example is that of the German reform of 1992. The consumer of care can choose his type of medical coverage, public or private. Health insurance schemes are encouraged, thus to manage better their budget so as to propose competitive insurance services. The search for effectiveness includes making the purchasers more responsible. Today, Switzerland, Netherlands and Germany introduced these two practices of competition into their health care system.

As for France, for a long time, it faced the increases of health spending, by increasing either the social contributions or the "moderating ticket". Today, France's (inserts its system in the concert of) system is open to the free market economy and adopts methods of management used in the private sector to control the quality of care provided, and so put an upper limit on the spending (global amount, autonomy of hospitals). In certain cases, health insurers have to negotiate with the medical professions. It leads to the progressive passage from a public evaluation based on the service offered to an evaluation integrating the economic dimension. So, almost everywhere in the EU, the producers of care have transformed themselves into competitive actors. Even the language is revealing; we speak more and more "about contractors of care" of Hospital - contractor"[17].

Finally, in the field of employment where the OMC was first applied, two basic ideas direct the reforms implemented by the Member States of the EU. At first, it is a question of turning the systems of social protection towards work;

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[15] J. Le Grand (1991), "Quasi-markets and Social Policy", *The Economic Journal*, 101 (408), p.1256-1267.
[16] P. Hassenteufel (2004), "L'européanisation par la libéralisation ? Les réformes de systèmes de protection maladie dans l'Union Européenne", in *Concurrence et Protection Sociale en Europe* by P. Hassenfeutel and S. Hennion-Moreau, Presses Universitaires de Rennes.
[17] P. Hassenteufel, op. cit.

rather than to increase expenditures, it is better to decrease their costs (the welfare costs which weigh on salaries). It is thus necessary to facilitate the active spending to transform into employment inactivity. The job-seekers must be incited to work and to be reinstated in the labour market as quickly as possible, and in the best conditions. The main line of action is employability. It is from there that the security has to come, the unemployment insurance has to be transformed into insurance employability.

The Scandinavian countries (notably Denmark) fast set up active policies of employment. This orientation seems general today (even if the ways to implement the measures vary) and illustrate unmistakably a process of social convergence within the EU. Then, the logic of market is expressed in the will to give responsibilities to the actors and to make the labour market flexible. Thus, most of the countries established stricter counterparts for the recipient as requirements to continue to receive their welfare benefits. Certain States offer systematically training courses for unemployed persons (Finland, Denmark) as a condition to benefit from unemployment allowances. In 2003, Portugal adopted a reform of this type. The contract new hiring, in France is inspired by two reforms adopted previously in the EU:

- The first one appeared in 1985. The British government modified the duration of employment to benefit from protection against dismissal.
- The second took place in Germany, in 2003.

The country replaces the unemployment allowance by a modest allowance for the long-term unemployed persons with the obligation to take the first job offered and, for the new recruits, removes the statutory protection regarding dismissal.

In Finland and Sweden, there are regulations which reduce or suspend the assistance income if the employment or the training proposed to the unemployed person is refused. The reforms correspond to the Anglo-Saxon philosophy of the workfare "No rights with no obligation to work", which is gaining ground in Europe.

2.2. The systems of European social protection exceed the traditional split

All the systems of social protection, today in the EU represent, in several degrees, compromises between the system of insurance and the system of assistance. These two types of social welfare models correspond to different financing. The first one, the Bismarckian system (Germany, France, Austria and Benelux) is funded by social contributions with entitlements based on employment status. The second, the Beveridgian system (the countries of the North: United Kingdom and Denmark) finance social transfers largely from taxes. So, traditionally, the systems of European social protection have very different ways of financing the social protection. Furthermore, among countries appealing to payroll taxes, the distribution of charges pressing on the employers and the employees is variable. As for those who finance by public contributions, two variants can be identified: the models with universal benefits and the ones with means tested benefits.

The social contributions represent the first source of financing of the social protection systems in the EU (approximately 60% of receipts), but their percentage, since the nineties, has strongly decreased, especially for the employer's contribution. As a result, the participation of the taxes in the financing of the social protection developed. This evolution can be explained by the fact that the financing by social contributions was considered as penalizing employment. It is the reason for which, in the EU, social protection is less and less related to employment.

In addition to this general tendency, an analysis of the various national welfare regimes shows that member states got closer in their ways of financing their social protection. Those who strongly financed their social protection by way of contributions increased fiscal financing; on the contrary, the countries which had strongly relied on general taxes rely more and more on social contributions to cover their welfare expenditures. So, all the Member States, today, draw on both systems in their financing methods. France is a good example of this mixing. In 1990, a new form of financing of the social protection was adopted: the General Social Contribution (CSG)[18] has partially replaced the employer's social contributions. In the same way, Italy has created the IRAP, which is a regional tax on productive activities. France also allocated other taxes to social protection: taxes on tobaccos and alcohols and taxes on polluting activities. Germany and Luxembourg have gone in the same direction: taxes on fuels finance social protection. On the other hand, the Scandinavians, as strong users of general taxes in financing of social expenditures, turn more and more to the social contributions, especially the employee's contributions. That strengthens the liberal logic since the employees are given more responsibilities. In Denmark (representing the most typical of the financing by the tax), the part of the public contributions fell strongly in the nineties with a decline reaching almost 18 points. These developments represent a strong support to the process of social convergence in EU.

Broadly speaking, in the European countries, the insurance component of social expenditure seems to be progressively replaced by an assistance component as a means to control public share of social expenditure. This phenomenon may appear contradictory with the clear tendency previously shown which underlines the increasingly obvious presence of the market logic. It can be interpreted by analyzing the mixing of these two main categories. It means that the stake is not posed any more in terms of choice between two philosophies, insurance or assistance, as it was traditionally. Today, the tendency is for pragmatism:

[18] CSG : contribution social généralisée.

the systems of social protection have to resist the storm. All the social actors must be concerned and all the possible means must be mobilized. The opposition between two main groups of countries (Bismarckian and Beveridgian models) has become blurred and especially transformed.

In continental countries, the recipients are more involved in the functioning of the social security system, due to the insurance principle and their categorical nature (blue-collar and white-collar), the benefit entitlements are strongly linked to individual's contributions. Today, they stress this logic by adopting a more liberal approach of the social policy; the appeal to taxes is only a means to obtain supplementary resources. The Scandinavian countries, in spite of their generosity, always gave responsibilities to their citizens. The characteristic of their society is the trust which reigns between the actors. Today, they strengthen this type of behaviour, by way of social contributions and the market mechanisms.

In spite of the still present diversity in social protection systems in Europe, we can notice a qualitative convergence between Member States. A consensus seems to have settled down at two levels. There is agreement on overall philosophy: all the actors must be given responsibilities to face financial difficulties and they agree on the means implemented to achieve this goal: the market mechanisms.

Conclusion

With the Maastricht Treaty, European construction took a remarkable step. However, the robust pillar of the single currency has also been able to shake the other one: the social welfare systems. It is this subject which inspired our research. We therefore have analysed the evolution of national social protection schemes in Europe by questioning the existence of a convergence process between countries and the impact of the Treaty of Maastricht on this process.

After having shown the evolution of the Social Protection concept in Europe, we studied the reforms implemented in the most significant components of the social protection systems of the Member States: pensions, health and employment. A common philosophy clearly appears: the Welfare State is receding, calling more and more upon market mechanisms. Furthermore, the traditional binary typology is changing and countries are getting closer in their financing methods. Our analysis makes it possible to conclude that a process of social convergence seems well and truly underway in the European Union.

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