

***European Social Models From Crisis to Crisis: Employment and Inequality in the Era of Monetary Integration*, edited by Jon Erik Dølvik and Andrew Martin. Oxford University Press, Oxford, 2017, 464pp., ISBN: 9780198798866, Price £25, paperback.**

The trajectories of change of European Social Models have been widely debated in academic literature. Some authors have argued that there has been a general trend towards liberalisation and the neoliberal model while others have highlighted the persistence of diversity across national institutional regimes, and points out that the pressures of change are filtered by the different institutional models. This book engages with these debates. This impressive volume analyses the evolution of European social models –understood as ‘the constellation of welfare state, employment relations, and educational structures that structure the labour markets’- in interaction with the changing environment. In particular, the book analyses the role played by the two major crises affecting Europe in the last 25 years (early 1990s and the great recession of 2007). Furthermore, this period is analysed by observing the pressures towards economic integration intensified by the development of the single market and single currency. The book analyses the trajectories of change of European social models in interaction with this changing environment in relation to two main issues: employment and inequality. The book is of interest to a wide audience, from academics and specialists in Welfare Regimes, Employment Relations, Political Economy and Social Policies, among others, to practitioners, stakeholders and policy-makers in the areas of analysis.

The book critically engages with the dominant responses at European level to the crises and questions the idea of a ‘necessary’ trade-off between jobs and justice. This dominant argument is identified as the ‘supply-side’ diagnosis, entailing that the best solution to economic and employment crises is the increase of labour market flexibility, further deregulation of employment protection, decentralisation of wage settings and the shift from passive to active policies. The editors, Jon Erik Dølvik and Andrew Martin, argue for a more sophisticated perspective. They consider supply-side factors as relevant but they argue for the importance of the macro-economic and the aggregate demand and develop an approach that integrates demand and supply sides of

work, welfare and skills. As argued by the editors in the Introduction: ‘(...) the implications that strategies for increasing employment based on the interaction diagnosis have for the trade-off issue depend on the kind of supply-side measures relied on to augment the prescribed demand expansion’s effect’ (p. 8). Accordingly, this approach does not necessary imply a trade-off between jobs and increasing inequality.

The empirical part of the book consists of six chapters analysing Germany, France and the United Kingdom and comparative chapters of Italy and Spain, the Netherlands and Switzerland and the Nordic countries (Denmark, Finland, Norway and Sweden). These empirical chapters are then complemented by three comprehensive chapters that synthesize the key studies. One of the compelling aspects of the book is that the authors take consideration of the diversity of economies, institutional models and Economic and Monetary Union (EMU) membership. This allows the collection to develop a comprehensive analysis which covers around 25 years and provides a valuable insight into trajectories of change and responses to crises and changing environment.

Collectively the chapters identify a number of key issues. First, that institutions matter. Following existing research, it is argued that there has been a wide variation in the impact of the crises due to the diversity of social models and political histories. However, the authors also argue that the responses of the social models to the early 1990s crisis (that they identify with policy responses to German reunification) and the 2007/2008 recession were mostly focused in structural reforms than on developing aggregate demand policies, intensifying unemployment and affecting welfare state finances. More concretely, in the latter these policies were strongly conditioned by pressures from financial markets and demands from supranational agencies (European Union, European Central Bank and International Monetary Fund). In this regard, a crucial element identified by the authors is the key role of the EMU in affecting employment and equality patterns. It is suggested that budgetary requirements of EMU membership are crucial in understanding the different employment and inequality outcomes in EU member states, especially in the aftermath of the 2007/2008 recession. In the editors’ own words in chapter 11: ‘(...) monetary integration and parallel argumentation of EU authority had altered the political framework for economic policies and social model adjustment, varying significantly between countries inside and outside EMU’

(p. 383) This has allowed countries outside the EMU to continue deploying national monetary tools to overcome economic shocks, while those in the EMU have been subjected by stricter constraints in fiscal policies. This is a relevant point that suggests that the institutional characteristics of the models lost some explanatory capacity regarding the employment and inequality outcomes during the fiscal crisis. For example, in the fascinating chapter by Andrew Martin the dangers of the existing in-built asymmetry in the EMU, where monetary policy is centralised while fiscal policy is decided at Member state level, is shown. As Martin argues, this unique institutional structure largely accounts for the specific impact of the economic crisis on it. In a nutshell, the book provides an insightful and fresh approach to changes in European Social Models by highlighting the key role of crises in structural reforms and of monetary integration on employment and inequality outcomes. The outcome of the period of 'crisis to crisis' has been an increase of inequality in employment, which has particularly affected those countries with deregulated temporary employment and now show the greatest share of low-paid workers. On the other hand, in central European countries the core of the social model has been maintained, but there are increasing developments towards dualization and increasing inequalities. However, taking the issues raised by the book into consideration, alternatively it can be argued that a different story and a trend towards liberalisation is happening in the periphery of the EMU and South-European countries. Furthermore, the trends towards neoliberal liberalisation and dualization affecting different European countries, result of the structural changes of social models provoked by supply-side policies, are leading to growing inequalities in employment in all the countries analysed. Nevertheless, despite these potential omissions, the contingent approach developed in the book remarks the importance of the macro-economic and aggregate demand in shaping employment outcomes.

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