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## **Detached, hostile, adaptable and liberalising: the chameleon qualities of the UK's relationship with EU social policy**

By Emma Carmel and Theodoros Papadopoulos\*

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### **Abstract**

In this article, we review the EU's significance for social policies in the UK. The EU has a limited legal role or institutional capacity to *directly* regulate the social policies of its member states. This role is even more limited in the case of non-Eurozone countries. There are a handful of EU policy measures which have had effects on social policy in the UK. However, these effects have not changed the institutional arrangements for making, organising and delivering social policy, which remain firmly in the hands of UK governments. In consequence, a leave or remain result has relatively limited implications for social policy, except in the case of specific social groups: notably for UK and other EU nationals who have lived and worked in at least one other EU country. Other EU legislation and regulation is compatible with the current and historical policy preferences of UK governments and political parties.

Keywords: UK, welfare, social policy, benefits, EU, social Europe, political economy

## Introduction

Social policy lies at the heart of domestic politics – health, education, employment, and pensions are all policies which directly affect all residents and citizens of a country. The choices which govern how a state develops and delivers social policies reflect both preferences and capacities to serve and manage the needs of a population. These choices include whether to meet social needs through the market or by private charitable endeavour. As a result, the ability to develop social policies and public services in ways which reflect the social and economic interests, and the cultural preferences, of a society has been seen as fundamental to the role and purpose of national government and statehood since the nineteenth century. Welfare state settlements – and their variation in different countries – reflect different choices and compromises among social and economic interests in these countries. These choices and compromises are about need, justice, freedom, responsibility: all fundamental, and all highly contested, values. Given what is at stake, then, it is no surprise that decisions on how and with whom to settle such choices and compromises have been jealously guarded by the national governments of European states. This includes all member states of the European Union (EU) – and not just the UK.

In this paper, we briefly review the UK's welfare system in relation to other EU member states, identifying misconceptions about its 'generosity', but noting that it has been institutionally rather distinctive compared to many other member states. We go on to trace the development of the EU's role in social policy, explaining how this involvement has waxed and waned over time. The article explains that the role for the EU in social policy is in any case rather limited, while the UK's engagement with EU-wide social policy developments has been at most ambivalent, and has usually been entirely detached or even hostile. The article then discusses the relatively limited role of the EU in shaping UK social policies, except in very specific cases, before going on to reflect on the likely implications of a 'leave' or 'remain' result on 23 June.

## Distinctiveness of the UK's politics and policies on welfare in the context of the EU

The UK's 'welfare regime'<sup>1</sup> has historically been seen as rather distinctive from other welfare states in Europe, which have been more influenced by traditions of Christian and Social Democracy, and less by liberal thought. A common way to understand the diversity of welfare arrangements in the EU is to refer to 'models' of welfare. There is a wide consensus that there are five broad models of welfare state in the Union. These are outlined in table 1 below, along with their key characteristics and examples.

Table 1: Schematic view of five 'models' of welfare in the EU up to the 1990s/early 2000s<sup>2</sup>

<b>Model (Examples)</b>	<b>Welfare system characteristics</b>
<b>Bismarckian</b> (Germany, France)	Contributory-based benefits and services, dependant on employment and occupations; emphasis on maintaining income at vulnerable times (old age, unemployment); emphasis on supporting families with children. <b>Influenced by</b> Christian Democratic & social democratic politics, strong organised economic interests
<b>Social Democratic</b> (Sweden, Denmark)	Rights-based benefits and services at high levels; oriented toward promoting equality and full employment for all; individualised tax/benefits; policies to promote gender equality. <b>Influenced by</b> dominant Social Democratic politics and organised economic interests,

	protestant traditions of individualism.
<b>Southern</b> <i>(Italy, Spain)</i>	Contributory-based benefits, with mixed contributory/universal services; dualised system offering high benefits to some occupations, especially public sector, and very little to precariously employed and low-skilled; strong dependence on families for financial and social support. <b>Influenced by:</b> histories of rightist authoritarian rule, deep left/right political cleavages, and popular but fragmented left parties; organised but occupationally fragmented economic interests, especially trade unions.
<b>Liberal</b> <i>(UK)</i>	Means-tested benefits; low levels of contributory benefits; universal services; oriented to safety-net provision. <b>Influenced by</b> protestant and liberal traditions of state; liberal and individualist rightist politics; limited social democracy; weak organisation of economic interests.
<b>Post-communist</b> <i>(Poland, Czech Rep.)</i>	Contributory-based benefits, paid at very low levels, with very limited and low-level 'safety-net' provision; strong emphasis on private (pensions/health) and family (care) provision; support to families and for gender equality varies. <b>Influenced by</b> 1990s 'shock' transition from state socialist to liberal political economies; weak organisation of economic interests except for specific occupations; Christian Democratic and national conservative elements; relatively strong liberal politics and weak social democracy (except Czech Republic)

Despite the diversity in these models and their influences, the key political influences of European Christian Democracy and Social Democracy have historically valued, and sought, the organised representation of economic interests – employers and trade unions – in their national economies. These political traditions also valued the role of the state as arbiter and promoter of social interests. In the case of Christian Democrats, this included the primacy of protecting 'the family' as a social unit, rather than the liberties of the individual. As a result, the UK welfare state has sat at a critical political and institutional distance from some of the key ideas and institutions which other, especially older, EU member states held in common.

The British welfare state of the late twentieth and early twenty-first century was marked by a mix of universal elements (e.g. healthcare, child benefit); contributory, but low value benefits (e.g. state pension, unemployment benefits); and means-tested benefits and 'in-work' benefits. The low levels of contribution-based benefits, extensive reliance on means-testing and emphasis on incentivising low-wage employment were rather exceptional among European welfare states, although other member states also had universal health services. Compared to other welfare systems in the EU, the political economy of welfare in the UK has been marked by economic liberalism, involving:

- flexible labour markets
- low protections for workers in the labour market
- high conditionality of relatively low-level benefits for people of working age
- public provision strongly oriented to meeting basic needs rather than replacing incomes or securing equality
- large role for private provision in public services and benefits
- very limited representation of organised employer and worker interests in the UK welfare system

These rather distinctive characteristics meant that EU-wide proposals on social policy, reflecting the dominant norms of other 'welfare state models', have sat rather uneasily with the UK. In table 2, below, the 'post-communist model' is represented by Poland, the 'Bismarckian' by Germany, the 'social democratic' by Sweden, and the 'southern' by Italy, in order to give a flavour of the extent and limits to diversity in welfare in the EU, and how the UK compares to other member states.

Table 2: Public and private social expenditure as a % of GDP in various EU member states, 2011

	Net public social expenditure	Private social expenditure
Germany	23.7	3.2
Italy	23.6	2.2
Poland	16.8	0.0
Sweden	22.5	3.2
<b>UK</b>	<b>21.4</b>	<b>6.3</b>

Source: OECD (2016) Social expenditure aggregated data, DOI: 10.1787/els-socx-data-en (public); DOI: <http://dx.doi.org/10.1787/data-00166-en> (private). Accessed 23.03.2016.

As we can see, UK's public social expenditure, as a percentage of GDP, is not much lower than that of Sweden, which was traditionally seen as having high social expenditure and continues to have higher levels of benefits than the UK. It also shows that in terms of formal social expenditure, the UK features a notably higher level of private expenditure as a percentage of GDP. However, as these are official recorded expenditure, they underestimate *overall* private expenditure, especially in Italy and Poland, where informal cash payments, especially in healthcare, are high (estimated to be up to one fifth of total health spending).

To put these figures into context, we need to take into account two factors. First, the accession of post-communist states to the EU in 2004 changed the balance among member states as to what counted as effective and appropriate social policies. Compared to the longer-standing member states of Western Europe, the post-communist states have much lower GDP per capita on average, and are also more economically liberal, have low levels of benefit, and spend a lower percentage of GDP on publically-funded social benefits and services. Second, the other welfare state 'models' have been subject to significant reform since the early 1990s. These reforms reflect a more liberal approach to the political economy of welfare, mixed with traditionally Social Democratic emphasis on 'active' labour market policies. Overall, we can observe the following reform trends, broadly dubbed 'social investment':<sup>3</sup>

- de-regulation of labour markets
- reduced employment protections for workers
- extended and flexible retirement ages
- promotion of women's (especially mothers') employment and greater gender equality
- greater conditionality in benefits for people of working age
- increased means-testing and reduced levels ('generosity') of benefits more focused on meeting needs
- significantly increased role for marketised and private provision of services in health, education and care, and in pensions.

The distribution of social expenditure on different aspects of social policy is revealing of policy differences among welfare states in Europe, and gives a crude indication of political and economic differences across the Union. Table 3, using the latest comparative data

available, shows that in terms of its prioritisation of expenditure (as a percentage of GDP), the UK spends relatively least on pensions (which does not include other old age benefits such as minimum income, winter fuel payments and others), and on unemployment benefits, but not substantially less than Sweden, and more than Poland. The UK spends relatively more on family benefits, but this includes in-work benefits of family tax credits, which has a dual purpose of supporting employment and families. Its public health expenditure as a percentage of GDP is relatively high, but by no means the highest in the EU.

Table 3: Share of total public spending on different policy areas as a % of GDP, by country, 2011

	Pensions	Family benefits	Unemployment	Labour markets training & activation	Health
Germany	10.6	2.2	1.2	1.7	8.0
Italy	15.8	1.5	0.8	1.7	7.0
Poland	10.8	1.3	0.2	0.7	4.5
Sweden	7.4	3.6	0.4	1.9	6.7
<b>United Kingdom</b>	<b>5.6</b>	<b>4.0</b>	<b>0.4</b>	<b>0.5</b>	<b>7.7</b>

Source: OECD (2016), 'Social Expenditure: Aggregated data', *OECD Social Expenditure Statistics* (database). DOI: <http://dx.doi.org/10.1787/data-00166-en>. Accessed on 16 February and 23 March 2016.

These welfare systems, then, retain some diversity, but also share a trajectory of 'social investment' reforms, and can look rather more like the UK than is often given credit for. Just as for the UK, these reforms are rather easily accommodated in the voluntaristic and rather elastic social and employment provisions of EU 'social policy'.

The particular relationship of the UK's social policies to EU policy-making at any one time, however, is not just about policies and institutions. It is also about politics and political choices.

### **The changing role and politics of the EU in social policy**

Questions of social policy, society and welfare in the EU were historically understood using the concepts of the 'European Social Model' (ESM) or the 'social dimension' (of Europe), or simply 'social Europe'. In preparation for Economic and Monetary Union, defence of 'social Europe' signalled that European integration was about more than developing the single market and liberalising economic and trade relations. The idea of social Europe was strongly associated with combined Social and Christian Democratic understandings of the respective roles of the state and market in promoting economic growth, full employment, adequate wages and protection in employment and social protection outside employment.<sup>4</sup> In EU-level policy-making, the 'social dimension' stood to distinguish the social systems of EU member states from the liberal, marketised model of welfare of the USA.

Yet the ESM or social Europe concept has long been the subject of contention. It was the 'social chapter' of the 1992 Maastricht Treaty which came closest to encapsulating a vision of social priorities and policy expectations which all member states shared and could 'sign up to'. But of course, as it turned out, not all member states either shared or could sign up to it. The UK negotiated an opt-out, and the chapter was eventually not codified in the Maastricht Treaty, and therefore not legally binding. In 1997, the Blair government did sign up to the social chapter, in a symbolic departure from the previous Conservative

governments' position. The social chapter was eventually codified in the 2009 Lisbon Treaty, which made its provisions justiciable. However, these rights are legally subordinate – and in some cases contradictory to – other provisions of the Treaty. The UK (along with the Czech Republic and Poland) opted out of this codification, so that its social policy requirements are in any case not legally binding in the UK.

The pursuit of legally binding, EU-wide social policies was abandoned in the 1990s. However, EU engagement in social policy and welfare issues did not abate. First, member states identified ageing societies, continuing gender inequalities, and the persistence of long-term unemployment in transition to post-industrial economies as posing common challenges which their existing welfare states were considered ill-equipped to handle. Second, new kinds of transnational policy research, notably from the OECD, World Bank and others, argued for the need to shift to 'active' welfare states, with an increased role for training, education, and a re-orientation of post-war welfare states to improving life chances of children and their future employability. Third, the rise of 'new' social democrats across the political landscape in many member states – and familiar in the UK as the Blair/Brown 'Third Way' - favoured labour market and social policy reform. Fourth and finally, employment and welfare were prioritised in the wake of the Swedish and Finnish accessions to the Union in 1995.

The 1997 Amsterdam Treaty made employment policy a legitimate matter for EU-level policy-making for the first time, through its 'Employment Title'. With this starting point, the Lisbon Agenda, a ten-year economic and employment programme was launched with fanfare and enthusiasm in 2000. However, there were two differences with the 1980s. First, the protection of member states' autonomy in social policy, labour market and employment policies was assured as the EU was not developing laws and regulations to be applied by member states. Instead, EU-level policy-making changed to focus on policy learning and voluntaristic policy co-ordination among member states to achieve shared socio-economic goals, especially in relation to employment. Second, in terms of the policy content, the emphasis was firmly on reforming and 'deregulating' labour market systems, and the use of welfare reforms to promote innovation-led economic growth. As such, these policies were not antithetical to the emphasis on flexible labour markets and conditional social support in the UK.<sup>5</sup>

The Lisbon Agenda was distinguished by its underachievement in relation to many of its socio-economic goals. Still, against the background of economic crisis, in 2010 it was replaced, as planned, with Europe 2020. This was a new, ten-year economic development programme for the Union. Europe 2020 retains the voluntarist character and key policy and political economy perspectives of the earlier Lisbon Agenda. The aim is to generate economic growth through technological and sustainable innovation, labour market liberalisation, reducing social expenditure, and improving activation and training measures for people of working age. These are all ideas associated with the reformist 'social investment' agenda of the late 1990s and early 2000s. The key change under Europe 2020 and the Lisbon Treaty of 2009 has been an increasingly tight linkage of employment and welfare policies with economic policies of the EU. Furthermore, this link has been tightened at precisely the time when these economic policies have themselves become closely tied to legally binding financial rules for Eurozone members. For some scholars this signals a turning point towards EU interventionism in employment and social policy.<sup>6</sup>

So far, this article has focused on social policy goals and institutions of the welfare system, and the political agendas which have shaped **general** programmes at the EU level. But what

of **specific**, legally-binding Directives and Regulations which have addressed social policy regulation or affected welfare or employment? These are addressed in the next section.

### **Secondary EU law and UK social policies**

The secondary EU law which has relevance for the political economy of welfare in the UK can be categorised in three groups. First, general or framing Directives, which have had indirect, but not trivial, effects on social policy. Second, Directives and Regulations on employment protection, often originating from Treaty provisions about the health and safety of workers. Third, Directives relating to social protection. We have highlighted eleven pieces of secondary legislation which are relevant. However, implementation of these Directives in the UK – with a few exceptions – has had relatively little effect on its social or employment policies. This is either because the UK already has more expansive legislation than the minimum which Directives provide for, or because the legislation is rather circumvented in practice. Indeed, it is precisely where this is not the case that political controversy has developed – notably regarding access to UK social benefits for resident EU citizens (see Peers, this issue).

### ***Framing social provisions***

There are three wide-ranging Directives which have implications for social policies.

- *Equal treatment Directive (2006/54/EC)*. Codifies EU law and European Court of Justice (CJEU) rulings on equal treatment for men and women in employment and social security. These rulings have had an impact - notably in the equalisation of pension ages for men and women. In respect to its other areas of application (vocational training, all social security benefits, access, conditions and pay for employment), the provisions of equal treatment were already embedded in UK law, so its implications were not significant for the UK.
- *Free movement Directive (2004/38/EC) and Directive on exercise of free movement rights of workers (2014/54/EU)*. Provides for equal treatment for workers moving from one member state to another, including equal access to employment and public services, and to some social benefits. This, and subsequent CJEU rulings, means that EU citizens who can financially support themselves are entitled to move to, and reside in, the UK. EU citizens who are registered unemployed have a right to reside in the UK while looking for work, as long as they are either entitled to social benefits (due to their employment history) or if they are able to support themselves. EU citizens who reside in the UK with their children and who become unemployed, may even remain unemployed, and be entitled to live with their children in the UK.
- *Services in the internal market (2006/123/EC)*. Among the most controversial of all EU Directives, the original version included provisions requiring public services to be competitively open to private providers from other EU member states, under terms and conditions which applied in their 'country of origin' rather than in the UK. While the UK (and post-communist states) favoured these original terms of the Directive, it was strongly opposed by France, Germany, the Nordic member states and others, according to their strong Christian and Social Democratic traditions of subjecting market provisions to social and political regulation. The Directive eventually relieved all charitable and publically-funded social services, notably in healthcare, childcare, housing and basic social assistance from having to open to competition from providers based elsewhere in the EU.



### ***Employment rights***

In response to the diversity of political economies of welfare among member states, these Directives were generally agreed as minimum common requirements to protect the health and safety of workers (where the EU has long had a mandate to develop policies). The UK has implemented these minimum requirements (working time, agency workers), or provided more extensive protections or benefits. As a result, a leave or remain vote would be unlikely to affect policy substance of employment protections in the UK. A leave vote would however, leave open the possibility of removing the minimum protections, subject to political agreement.

- *Parental leave Directive (2010/18/EU)*: Sets out general, and minimum level requirements for parental leave. UK maternity, paternity and parental leave regulations are considerably more extensive and 'generous' than those specified in the Directive, so it does not have direct effect (or constraint) on UK policy-making.
- *Working-time Directive (2003/88/EC)*: Sets out minimum protection requirements (e.g. minimum rest hours, maximum average work hours over a week or several months). We can identify direct effects for some workers in the UK. Still, these effects are also somewhat limited, especially as higher proportions of the UK labour force are employed on contracts or in sectors to which the provisions of the Directive do not apply.
- *Agency workers' Directive (2008/104/EC)*: Sets out minimum employment protections for temporary agency workers. Recent research in the UK suggests that UK employers are largely subverting the purpose of the Directive by using a loophole (the 'Swedish derogation') in ways which undermine its protective intent.<sup>7</sup> As such, it has had relatively limited effects in the protection of workers in the UK.
- *Posted workers' Directives (1996/71/EC)*: Designed to protect the rights of workers who are employed in one member state, and then 'posted' by their employer to work temporarily in another member state. The original intention was that such workers should enjoy the standards of wages and employment protections of the member state where they actually do the work. This would also protect employers and workers of that member state from being 'undercut' by lower wages and working conditions which apply in the sending member state. This Directive was subject to several notorious European Court rulings, which used this and the Services Directive to create the opposite effect to its original protective intention. These effects have been partially mitigated by a Directive to improve its implementation (2014/67/EU). In the UK, low levels of employment protection, use of temporary contracts, and agency work mean that the regulation of these posting arrangements is less important than in other member states.

### ***Social security rights***

The EU does not have a mandate to develop policies which directly establish goals for national social policies. However, it has, from early on, had a role in co-ordinating the social security regulations faced by EU workers as they move and work in different states. This co-ordination role was expanded in 2004, to include a number of non-contributory benefits. This was also at the same time as the agreement to the Free movement Directive (2004/38/EC), which established a degree of equal treatment between EU and national citizens in relation to employment and some aspects of social life. It is the interaction of social security co-ordination with the Free movement Directive that is related to the concerns about EU citizens' rights to benefits in the UK.

- *Social security co-ordination (Regulations 883/2004 and 987/2009)*. Transposed directly into UK law, these are based on original Regulations which protected the social security

contributions of workers as they moved from one member state to another. They permit those looking for work for up to 6 months in the UK to have 3 months of their unemployment benefit from their previous country or residence paid to them in the UK. Or, if they have worked, if only briefly in the UK, they may combine any UK contributions with their entitlement to social security from their previous country of employment, so that they are paid UK benefit (contributions-based Job Seekers' Allowance). In practice these Regulations are complex and difficult to interpret, because they interact with definitions of work from other parts of EU law, both Directives and case law. The UK Government, as other member states, has chosen to restrict entitlements which have emerged from implementing these Regulations.<sup>8</sup>

- *Cross-Border Patient healthcare Directive (2011/24/EU)*. Sets minimum requirements in enabling EU citizens resident in one state to seek treatment in another, and to have the cost of that treatment covered by their home state. We lack data on the relative balance of UK citizens taking advantage of the court rulings which initially made this cross-border healthcare possible. The Directive has yet to be fully implemented, and its relationship with the Regulations on social security co-ordination creates ambiguity in deciding which country or health fund should pay the costs of treatment in some cases.

## **Post-referendum scenarios**

### ***Remain***

A remain vote is likely to directly affect social policy in only limited ways in the short-term, assuming that the Government's negotiation of an 'emergency brake' for the rights of new EU nationals in the UK comes into effect. The 'emergency brake' deal means that in order to restrict new migrants' access to in-work benefits, the UK Government must provide evidence that its social system is under strain, and have this claim recognised by other member states. As long as this is accepted, then there will be some effect for new, especially low-paid EU migrant workers. The effect on levels of migration is difficult to estimate, but in all likelihood it will be very low, given that most migrants come to take up employment, rather than to receive benefits. However, those who do come to the UK and gain employment in low-wage and precarious sectors of the economy will face very significant hardship, without access to in-work or housing benefits (and the other social assistance which such benefits give access to, at least for EU migrant workers).

The EU citizens' rights to out-of-work benefits may also be significantly reduced with the advent of Universal Credit. Universal Credit, defined as a social assistance benefit, would be excluded from the social security co-ordination Regulations and not subject to the requirement of equal treatment under the Free movement Directive (the two pieces of legislation which govern the social security of EU mobile job-seekers and workers). In this case, only EU workers who have fulfilled long-term residence requirements may be entitled to out-of-work benefits. Although it will be very difficult to claim Universal Credit, EU citizens will still be able to receive benefits from their country of origin, as they can also do now, for example, when they first arrive if they enter the UK to look for a job.

As indicated above, welfare state services across the EU are increasingly supplied under marketised arrangements, and involve competition among diverse providers, including for-profit and social enterprise companies. The UK, especially England, leads the way, along with Sweden and the Netherlands, in these developments. Over time, such 'private-public' mixed services are likely to come under the requirements of the Services Directive, as the definition of what counts as a publicly-funded service comes under challenge, and they also face the wider conditions of EU competition law in the internal market.<sup>9</sup> Furthermore, the

creation of EU-wide markets in pensions and insurance seems likely. The requirement to open such increasingly marketised and privatised services to EU competition may have different effects in England and Northern Ireland, than in Scotland and Wales, due to the latter's notably less marketised arrangements for public services in eldercare, healthcare and education. Nonetheless, the subjection of UK public service provision to demands of market liberalisation will be intensified if the proposed Transatlantic Trade and Investment Partnership (TTIP) and Trade in Services Agreement (TiSA) are passed. (If a UK outside the EU is able to sign up to TTIP and/or TiSA, as proposed by a number of 'leave' proponents, of course, these pressures will apply just as well.)

The 2008 economic crisis, especially as it played out in the Eurozone, made the Lisbon Agenda, and its voluntarist (soft law) policy tools on social affairs, seem hopelessly mismatched to the socio-economic circumstances. This has led to discussion about the codification of EU social laws, with a new Social Rights Pillar,<sup>10</sup> when the next Treaty negotiation takes place. As part of the discussion on the Social Rights Pillar, the possibility of developing an EU unemployment insurance scheme has been mooted. However, the Social Rights Pillar would only apply to Eurozone members, and to non-Eurozone member states who specifically wanted to opt-in. We would not expect the UK to participate in such a measure.

### **Leave**

A leave vote in the referendum is most likely to directly affect the rights of workers who have been employed in the UK and later reside elsewhere in the EU – whether they are UK or other EU nationals. EU national workers could become subject to immigration requirements similar to those applied currently to non-EU nationals. For example, it would be relatively straightforward to set visa conditions which would prevent any new EU migrant taking employment at a level of income which would entitle them to in-work benefits.

The UK's departure from the EU would generate some uncertainty about the legal status of over 1 million EU citizens currently resident in the UK. Those who have already been resident for more than five years, especially if they have long employment records and resident children, are unlikely to be affected by the UK's leaving the EU. EU citizens who have been resident for less time may be in a more precarious position, as the non-discrimination requirement for EU nationals might be rescinded. In such a case, the 'emergency brake' restrictions on benefits for **new** EU migrants (should the UK vote to remain) might be applied to **existing** residents should the UK vote to leave. Such a situation would also raise the possibility that EU migrants who are not 'permanent' residents may lose their right to reside in the UK. However, the likelihood of these developments should not be exaggerated. It is deeply improbable that access to the EU internal market could be negotiated by the UK without an attached condition of free movement of workers, given the Union's unwillingness to offer such terms to other non-members.

### **Concluding remarks**

This paper has surveyed the relationship of the UK's social protection and political economy of welfare with other member states, and with EU policy-making. We argued that welfare states in Europe show considerable diversity and autonomy in their development, and that this diversity has been jealously guarded by all member states. However, recent reforms among other member states, and reflected in EU-level policy-making, have been oriented towards 'social investment'. This has involved developing a more 'liberal' model of welfare with substantial privatised elements, which is more in line with a conventional UK approach. Another key feature of recent developments is that EU engagement in employment and

social protection policies has been tied ever more closely into economic governance, especially of the Eurozone since the economic crisis.

Overall, given current plans for welfare reform, and existing opt-outs, for example from the codification of the social chapter, the differences between staying and leaving are relatively marginal in relation to social policy. However, there is one significant outstanding question for the UK. That is how to respond to the increasing economic and social integration of the Eurozone member states, especially if they begin to develop truly common social and employment protection policies. While such proposals, such as the consultation on a Social Rights Title, may look far-fetched at the moment, they still signal a concerted effort to integrate. This could result in the UK becoming considerably more detached from the political economy of its neighbours even if the vote is for 'remain' on 23 June. At the same time, the UK will still be subject to the liberalising pressures on public services, coming from domestic welfare reform, regulation of the EU internal market, and from the as yet incomplete negotiations over TTIP and TISA.

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<sup>2</sup> Authors' own compilation, from inter alia: Esping Andersen, *Three Worlds*; M. Ferrera 'The Southern Model of welfare in social Europe', *Journal of European Social Policy*, 6(1), pp. 7-37, 1994; A. Cerami and P. Vanhuysse *Post-communist welfare pathways*, Palgrave, 2009.

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