



**US-PC**  
Université Sorbonne  
Paris Cité

## Evaluation of Democracy Research Group

### Research Group Directors:

- Emiliano Grossman
- Nicolas Sauger

### Project Team:

#### Bruno PALIER



Bruno Palier is Co-Director of LIEPP and CNRS Research Director at Sciences Po, Centre d'études européennes. Trained in social science, he has a PHD in Political science, and is a former student of Ecole Normale Supérieure. Currently, he conducts various comparative projects on welfare reforms in Europe.

#### Jan ROVNY



Jan Rovny joined Sciences Po in 2013 as an assistant professor affiliated with LIEPP and Centre d'études européennes. He received his PhD in Political Science from the University of North Carolina at Chapel Hill. His research focuses on political competition in Europe with the aim of uncovering the ideological conflict lines.

#### Allison ROVNY



Allison Rovny is a post-doctoral researcher at the University of Gothenburg's Department of Sociology & Work Science. She holds a PhD in Political Science from the University of North Carolina at Chapel Hill. Allison teaches and conducts research on social policy, the welfare state in OECD countries, new social risk groups, poverty, youth unemployment, and family and work balance.

# THE DUALIZATION OF EUROPE

*This project investigates the extent to which Europe has experienced a process of dualization over time. The initial goal of European integration was to ensure convergence – a catching-up of lesser developed countries/regions to more highly developed countries. Since the 2008 economic crisis, however, Europe has witnessed a divergence. A dualization emerged between northern countries that maintained export-led competitiveness and southern and peripheral countries where consumption-based growth models proved ineffective. We analyze the observable empirical implications of this divide by demonstrating the socio-economic outcomes across Europe during the convergence and divergence periods.*

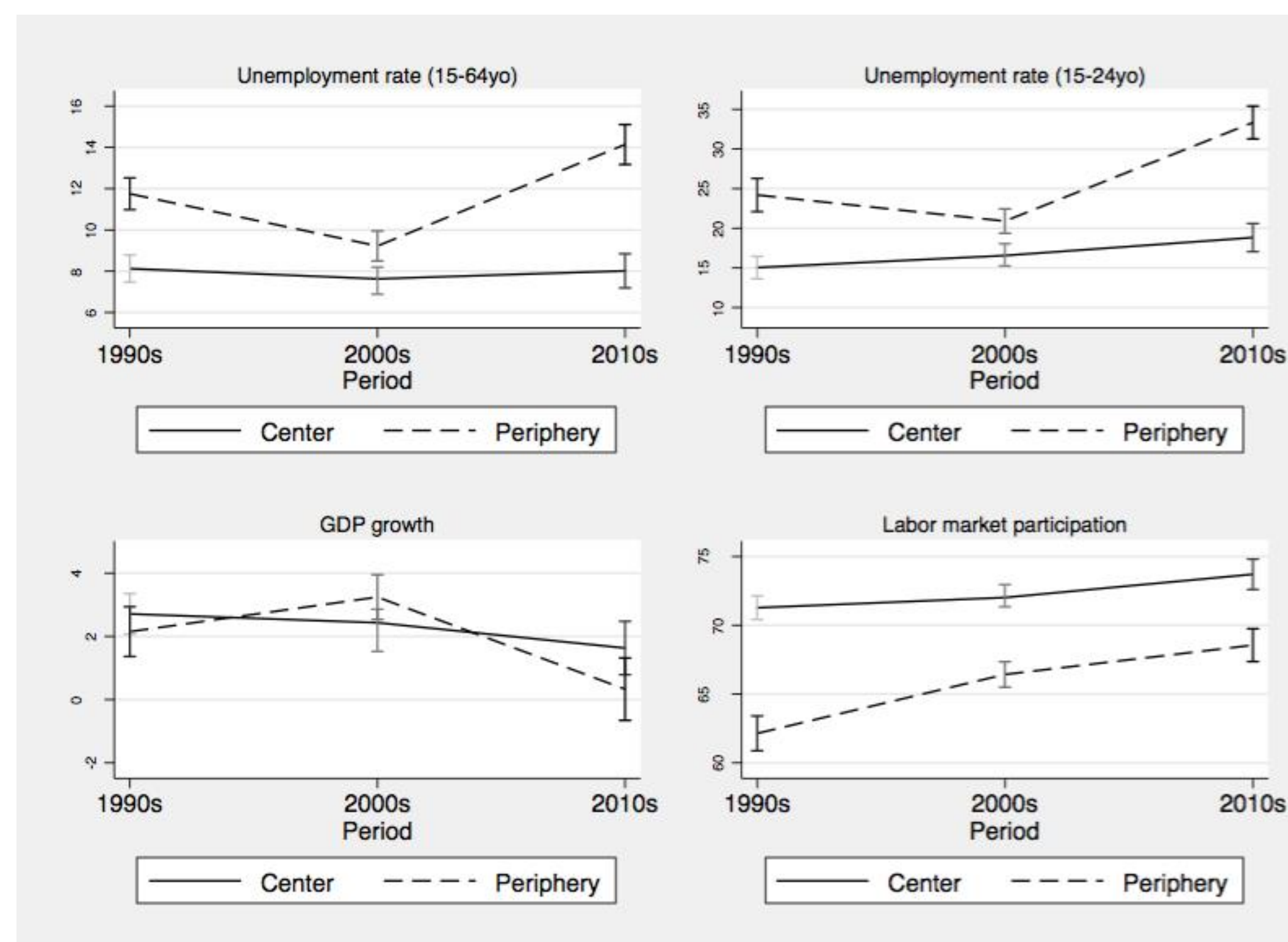
## Unpacking the European Social Model

European countries are often distinguished from other highly developed countries by their commitment to a social model, visible mainly through a comparatively high level of public spending devoted to social expenditure. The “European model” rests on a common base level that was established in the Golden Years following World War II (1945-1975), which aimed at full (male) employment, and a basic guarantee of social rights and well-being for Europe's citizens. However, a common European social model was never able to be fully implemented, as each member country of the now European Union (EU) has different labor market regulations and policies, social policies, and systems of social protection.

## Initial Convergence Period

Despite vast differences between member countries, a European social model continued to be promoted and encouraged at the European level, throughout the evolution of the European Community and now EU. The principal component of a European social model was considered to be convergence toward the top in terms of social outcomes such as employment levels, standard of living, well-being, and social security, rather than in terms of promoting convergence between national institutions of social protection, which diverged already between the founding members of the European Community and continued to show divergence over the course of various enlargements to the EC and later EU. The concept of ‘subsidiarity’ appeared in the European treaties during the 1990s in order to signify the preservation of social policy as a national, rather than supra-national, policy-area domain. Nonetheless, since 1957 and the Treaty of Rome, various European-level policies, notably structural funds, were put into place in order to allow less-developed regions to catch up to the average level of economic and social development of the more developed European regions; this was done to avoid a “race to the bottom” in terms of social costs and protection, seen as a potential costly by-product of the common (and later single) European market. Therefore, through the middle of the first decade of the 21st century, a notable convergence was observable in terms of employment rates and living standards among the EU member countries.

Figure 1: Youth Unemployment



Divergence in economic indicators across the center and the southern and eastern periphery

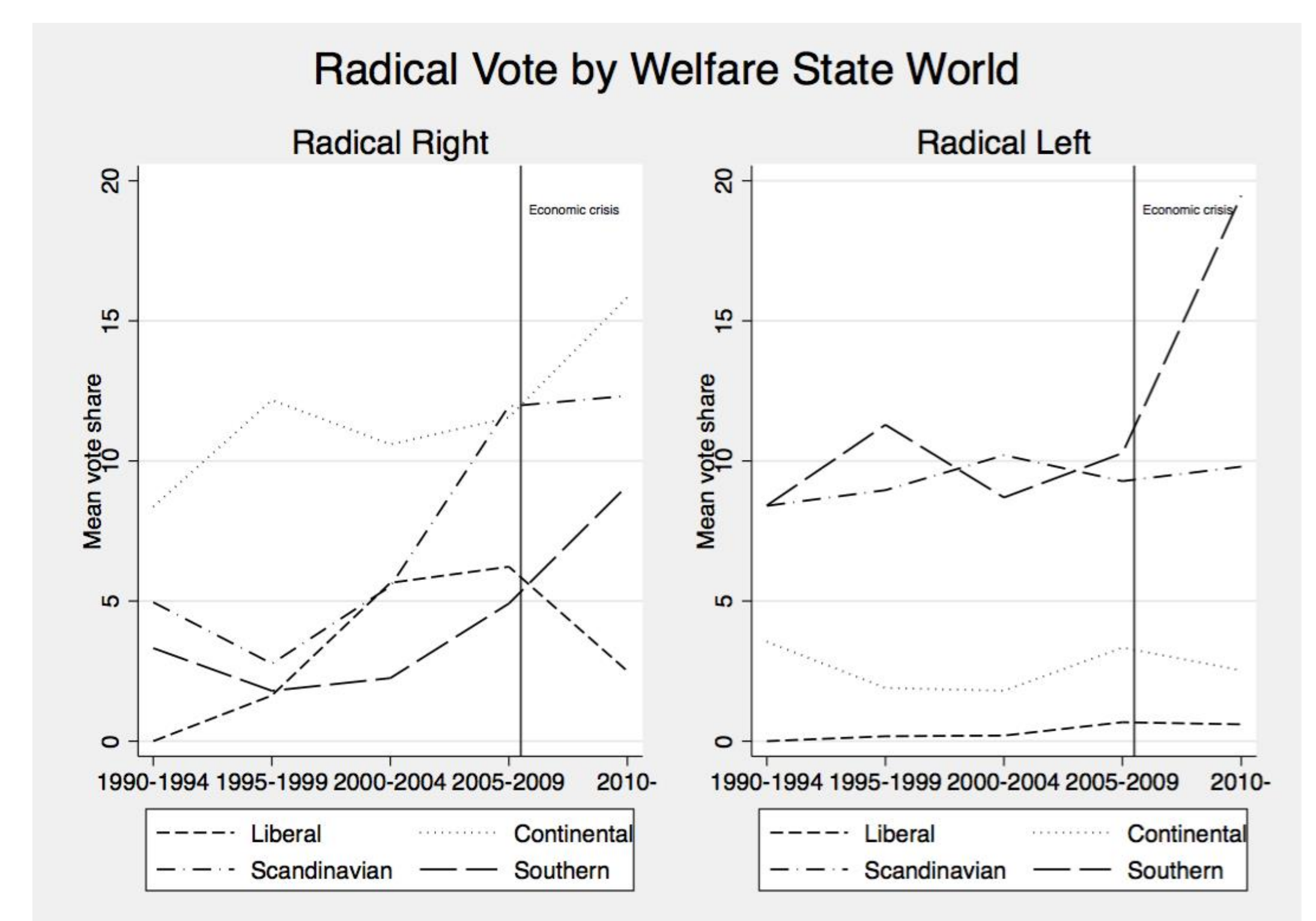
## Emerging Post-Crisis Divergence

However, the latest trends in terms of economic and social matters are no longer characterized by a steady narrowing of the gap between the more and lesser advanced countries. While all European countries were affected by the economic crisis of 2008 and a coordinated response was put into place in 2009, since 2010, we see a growing divergence between two groups of countries in Europe. The first group, mainly in the North of Europe, concentrated around Germany, Austria, the Nordic countries, along with certain Eastern European countries having close economic ties to Germany, has steadily emerged from the crisis and resumed a positive economic and social path. The second group, however, comprised mainly of the Southern and Eastern periphery, remains stuck in negative economic and social situations following the crisis. The life prospects for individual Europeans are becoming increasingly differentiated by their native region, along with their age and skill-level. Divergent support for radical right and radical left parties across different welfare state worlds.

## Methodological Approach

- (1) We examine national/regional data on social spending cuts in key social programs such as education and unemployment insurance.
- (2) We observe a pattern of investment vs. de-investment by which core European countries invested in social programs and R&D, consequently witnessing social and economic returns, versus peripheral countries that failed to invest in social investment due to restrictive austerity measures.
- (3) We then explore political implications, analyzing the recent rise of radical left and right parties.

Figure 2: Radical Vote by Welfare State World



Divergent support for radical right and radical left parties across different welfare state worlds.

## Inherent Models and Post-Crisis Policies

Therefore, since 2010, Europe's founding promise of shared prosperity no longer applies equally to all citizens, and the social objectives that have their roots in the creation of the European communities since the 1950s, which were reiterated and specified in the Lisbon Strategy of 2000 and then again in 2010 with the “Europe 2020” vision, are increasingly less respected. This project explores the increasing social and economic divergence between European countries. We put forth that these differences are not due solely to the economic crisis that hit Europe in 2008, but rather, to the different models of social protection and economic growth between the European member countries, and in particular, among the Euro-zone members.

However, the divergence between these countries also stems from the policies that were undertaken in response to the crisis, notably since 2010. The austerity measures put into place since 2010 have had the largest effect on the countries that suffered the most from the debt crisis, which are located on the European periphery. This project, therefore, investigates the extent to which the long-exalted European promise of prosperity and well-being for all has transformed into a well-being for some, even at the possible expense of others. Finally, we address the political implications of this divergence, highlighted in the steady but diverse rise of radical voting across Europe.