Introduction

The present book is the result of the project 'Fiscal Austerity and Welfare Reforms' funded by the ETUI and carried out by the European Social Observatory (OSE). The book has two aims. First, it provides an interpretative grid for the analysis of structural reforms in the Member States of the European Union. Both domestic and supra-national factors are considered in the framework proposed below for looking at how EU Member States have fared in the crisis. Second, it assesses the reform trends in five EU countries in an attempt to shed light on possible common lines of action or, alternatively, differing structural reform paths followed in the recent economic, social and fiscal crisis. By structural reforms we mean policy measures that are expected to help improve economic growth prospects and the ability of economies to adjust to shocks. From the perspective of international organisations, structural reforms affect a number of policy areas: labour market policies, the public sector, research and development (R&D), education and training, and social protection.

As we shall show, the typical neoliberal approach to structural reforms, based on a desire to promote the liberalisation and deregulation of labour and product markets (see Alesina *et al*. 2011), has recently been joined by a more neutral perspective. According to the latter interpretation, structural reforms are part of a broad strategy to improve a country's economic growth potential and are not confined to a 'supply-side' perspective (Dølvik and Martin 2014). From an analytical point of view, structural reforms largely overlap with the policy areas that are at the core of the comparative analysis of countries' political economy. Many strands of the literature, from varieties of capitalism to welfare regime analysis, from the study of employment regimes to those focused on social models, address public policies that affect economic and social conditions. They do so in order to better understand the way contemporary economic and social systems work and evolve over time.

The book looks at five different policy areas: pensions, labour market, education, R&D and the public sector. This selection is consistent with the policies usually analysed by the EU and other international organisations.[1]

In what follows we look at the reforms adopted in five EU members – Finland, Germany, Ireland, Italy and the Czech Republic – in the shadow of the Great Recession. These five countries are representative of different welfare regimes, labour market regimes and varieties of capitalism.

The Czech Republic is an example of an 'embedded neoliberal market economy' (ENLME) and belongs to the 'fifth European welfare model'. Finland has a social-democratic welfare regime, with a Nordic labour market regime, and is a national coordinated market economy (NCME). Germany is representative of a conservative-corporatist welfare regime, a continental European labour market regime and sectoral-coordinated market economy (SCME). Ireland has a 'liberal' welfare regime (with an Anglo-Saxon labour market regime) and is a 'liberal market economy' (LME). Italy is representative of the Southern European welfare model (with a Southern-European labour market regime) and is a 'mixed market economy' (MME).

In line with the interpretative grid we present in Section 1, we think of reforms as the result of a number of factors. The magnitude of the crisis is a first factor: it tends to accelerate reforms. New measures have been adopted to deal with recession and to open up more opportunities for growth. But the crisis has not been the only factor. It has interacted with other factors: domestic politics, policy legacy and the EU constraints and opportunities that have largely shaped national policymakers' strategies.

Reforms are adopted by governments of different ideological orientations. Left-of-centre, right-of-centre and technocratic governments have promoted different sets of measures to restore growth and political confidence. Policy measures inherited from the past (the so-called 'policy legacy') are a further domestic variable to consider. On the other hand, external and supranational factors also contribute to shaping reforms.

1. The decision to focus on these fields and not others is to some extent arbitrary. However, the list seems comprehensive enough to shed light on different areas that are assumed to be strategic for economic growth (see the EU through the European Semester documents) and is thus in line with the analytical aim of the book.

The selected country cases provide evidence of the EU's influence on reforms. Ireland is the country subject to the highest level of EU pressure (through the Memorandum of Understanding, MoU), having been severely hit by the crisis. Italy has seen huge external constraints in a period of dramatic economic recession: by means of the European Semester, the reformed Stability and Growth Pact and more de facto conditionality exerted by the ECB (through the Securities Markets Programme) and other EU institutions. In turn, the Czech Republic has been affected by EU governance in a 'softer' way – through the European Semester and other forms of economic and social coordination – because it is not a member of the euro zone.

The book is structured as follows. Section 1 summarises the interpretative approach we propose to use in order to analyse structural reforms adopted in the countries under scrutiny. Section 2 focuses on each 'determinant' of the reforms, while providing a typology of structural reforms. Section 3 provides evidence of the structural reforms adopted in the wake of the crisis. Section 4 concludes.