

# Welfare State

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## INTRODUCTION

The welfare state refers to the various welfare programmes that can be found in most developed democratic countries. Social welfare provision is not to be confused with the principle of the rule of law. Historically, authoritarian regimes with arbitrary political decision-making procedures have implemented more or less generous schemes of welfare provision. The welfare state is a part of a much broader state apparatus responsible for the political decision-making process, the administration of justice and security, among various other areas of governmental intervention (economy, environment, etc.). This state apparatus can be designated as a 'model of state'.

Referring to the state apparatus as a whole, models of state are broader ideal-types than welfare state regimes. These are defined by reference to the institutional structure regarding social welfare provision historically developed in different regions of the world. A model of state encompasses

Gøsta Esping-Andersen's welfare regimes, as described in *Three Worlds of Welfare Capitalism* (1990). Esping-Andersen's celebrated typology distinguished between three basic models or families of welfare states: a social democratic or Scandinavian model with high levels of de-commodification (i.e. exit from the labour market with little or no loss of income) and cross-class solidarity; a liberal or Anglo-Saxon model, characterized by low levels of de-commodification and dependent upon private solutions of welfare provision; and a conservative or Continental model, defined by occupationally-determined solidarity and oriented toward the preservation of traditional family structures. Neglected by Esping-Andersen were the gender dimension in the definition of social policies, the Latin or Mediterranean type of welfare states, the mischaracterization of Antipodean welfare states as liberal, as well as the under-estimation of the role of employers in the development of the welfare state (see the reply to his critics in Esping-Andersen, 1999). More important,

Esping-Andersen explains the origins of welfare state regime types with a power resources approach. This theory posits that, primarily motivated by material interests, 'the earlier and more fully the workers become organized into centralized unions and a social democratic party, and the more consistently over time the social democratic party controls the state, the earlier and more 'completely' a modern welfare state develops'. (Skocpol and Amenta 1986) This application of conflict sociology to the study of the welfare state, however, fares better at accounting for 'games under rules' than explaining the 'rules of the game'. In what concerns the state, the rules of the game are defined, contested, imagined and justified at a normative level. Given their structural character, such general normative principles are not the primary object, and neither do they emerge as the unmediated result, of the struggles over the distribution of power resources in societies; rather, they are typically the object of philosophical-juridical reflection and justification.

Modernization theory, which accounts for the emergence of the welfare state as an instance of the general process of societal rationalization, is better equipped to account for the normative script of the modern rational state. In *Economy and Society* (1978[1920]), Max Weber provides a seminal analysis of the prototype of the modern rational state. Weber's analysis served as the blueprint for the subsequent analysis by authors such as Talcott Parsons (1971) and Jürgen Habermas (1976, p. 21), for whom the welfare state is a by-product of modernization insofar as economic development correlates positively with social spending in most advanced capitalist societies (Huber & Stephens, 2001; Wilensky, 1975). In particular, social welfare provision emerges as a feedback mechanism required to re-establish social integration in societies confronted with modernizing pressures. From this analytical perspective, models of state are the very political normative script of modernity, intimately entwined with the establishment of fundamental human

rights and the gradual but inexorable development of bureaucracy.

Bureaucrats' preferences are seen as crucial for the origins and development of welfare state by those intent on 'bringing the state back in' (Skocpol, 1985). As a reaction to the behaviourist revolution of the 1950s and 1960s in political science, historical institutionalists have learned from psychology that cognitive shortcuts matter: political decision-making is less a cost-benefit rational calculation than a grounded weighing of different courses of action within existing institutional configurations. Historical institutionalism has generated important insights concerning the origins of social policy arrangements and has helped mitigate the idealist bent towards modernization of neo-functionalist analyses (Streeck & Thelen, 2005). The reliance of historical institutionalism upon rational choice theories, however, leads scholars operating within this paradigm to assume (rather than demonstrate) that political economy is an arena populated by interest-maximizing rational actors, most notably firms. Such ex post facto theorizing prevents this perspective from fully making use of their otherwise detailed historical investigations into the institutional origins and consequences of social welfare provision.

Rather than an a priori element of politics, the 'rules of the game' are endogenous to it. In addition, rules such as models of state and welfare regime types powerfully shape and condition the attitudes and choices of agents. A full account of the politics of welfare requires one to take into account both the 'rules of the game' (e.g. by examining the historical origins of institutional design) and the 'games under rules'. Yet one should not restrict 'games under rules' to instrumental, maximizing cost-benefit calculations. These games include normatively motivated choices and attitudes, which eventually feed back in institutionalization processes through various democratic and consultation mechanisms. This enables one to look critically at the normative script underpinning social welfare policy arrangements, such

as the social policy rule of thumb ‘work is the first option’ (see the last section). In addition, analytical models should generate testable propositions and hypotheses applicable to a wide number of cases. A case in point is the impact of welfare regimes on social attitudes. According to the power resources approach, universalist schemes are expected to generate more popular support than targeted ones. Comparative research to date, however, has yielded mixed results in empirically demonstrating that the type of welfare state regime per se significantly impacts on support for certain forms of social policy. More promising results were obtained when social rights consciousness was introduced to mediate the impact of the type of welfare regime in social attitudes, which suggests the need to specify more clearly the mechanisms through which general institutional arrangements such as models of state or welfare regimes actually influence agents’ choices and opinions (Silva & Valadez, 2015).

Existing proposals for periodization of the welfare state are based on empirical indicators, such as social expenditure trends (Pierson, 1998, pp. 108–135), economic and social contextual factors (Flora & Alber, 1981; Taylor-Gooby, 2004), the structure of social welfare provision schemes (Korpi & Palme, 2007), the outcomes of social policy interventions (Palier & Martin, 2008), or the moral foundations of the welfare state (Rieger & Leibfried, 2003; Kersbergen & Manow, 2009). By contrast, normative philosophical-juridical principles of state organization and governance solutions point to the existence of four models of state in Western societies since the nineteenth century. These are (1) the classic liberal state model, inaugurated with the Napoleonic Code of 1804 and exhausted with the Great Depression of 1930s; (2) the social state, which emerges with collectivist, planned definitions of state activity, including social welfare provision, and is decisively questioned by the oil crisis of 1973; (3) the neo-liberal state, which recuperates and adapts key liberal principles as a means

to retrench or recalibrate the more collectivist model of the state until the financial crisis of 2008; (4) the neo-social state, which strives to adapt universalist concerns to the challenges of an increasingly globalized world.

### THE CLASSIC LIBERAL STATE (1804–1929)

The Napoleonic Code of 1804, alongside the global spread of modern science and technology, human rights, democracy and the nation-state are key features (Habermas, 2001, p. 21) of a specifically European state model that rapidly expanded first to the Americas and subsequently to the rest of the world – the classic liberal state.

It is within its remit that the first institutional arrangements for universal, state-organized social welfare provision emerge in 1880s Germany with Bismarck (Henlock, 2007, pp. 80–100), and soon afterwards in various other Western European countries in order to guarantee the social and political integration of the working classes (Orloff & Skocpol, 1984). Social integration is also one of the research themes that founded sociology. Durkheim’s *Suicide* (1979 [1897]), the book that launched modern sociological research, concludes with the suggestion that if social integration is to be enhanced, occupational groups and corporations need to be strengthened as these alone should preside over ‘insurance companies, benevolent aid and pensions’ (1979, p. 380). For Durkheim, influenced by the French tradition of mutual associations, the state should not act as the sole or even the main source of social welfare provision. Durkheim addresses this issue in the preface to the second edition of *The Division of Labour in Society* (1984 [1902]), recommending that the state’s function regarding welfare provision should be limited to that of stimulating corporatist welfare arrangements. Durkheim was far from being the only one discussing social welfare issues

at the end of the nineteenth century and the early twentieth century. Various other sociologists and social scientists were seriously concerned with the 'social question' and influential in public debates: civil society associations, alongside governments and professional bureaucracies, provided key outlets for the circulation of social policy knowledge in this period (Rueschemeyer & Skocpol, 1996).

Until the end of the nineteenth century, there were two main institutional imperatives which the classic liberal state had to observe so as to remain legitimate in the eyes of the people. The first imperative was political in nature. Governments were entrusted with the obligation to guarantee the safety of their populations from external aggression and domestic criminality. The second imperative was economic. Governments had to ensure the provision of public goods such as infrastructure for transport and communications in order to foster economic development and social progress. A third institutional imperative of a distinctively social character emerges in this period with the development of social insurance, which is the core element of a new role for the state. With social insurance, the state becomes increasingly involved in social protection on an unprecedented scale, providing benefits and services on the basis of individual rights. Alongside social insurance, other social functions begin to be administered by the state such as public education, public health (including in the workplace), worker protection (including protection against child labour and limits to the length of working hours), as well as relations between workers and employers. Yet it would be a mistake to take the part for the whole and assume that this nascent institutional imperative commanded the bulk of the state's attention. In fact, it is not until the 1930s, and in many countries much later than that, that social welfare provision becomes a defining feature of state intervention. The classic liberal state model prioritized the economic imperative of guaranteeing civil rights, especially the right to property, upon which capitalism is founded. Based upon the juridical tradition of legal positivism, of which

Hans Kelsen's constitutional theory is the ultimate expression, this model of state was fundamentally concerned with the formal validity of the law, limiting the state intervention to the resolution of selected, concrete problems (on legal positivism, see Kelsen, (1967 [1934]), Hart, (1983), Raz, (1986) and Chapter 13 in Volume 1, this *Handbook*. For a criticism, see Dworkin, (1986).

World War I marks the beginning of the end of the liberal state's prioritization of the institutional political and economic imperatives over social welfare considerations. In the interwar period, there is a profound extension of state-sponsored schemes of social insurance and protection in terms of the scope of risks covered and the segments of the population entitled to those benefits, and through the growth of compulsory provision (Flora & Alber, 1981). On the other hand, in the 1920s and 1930s social security gradually becomes a concern of governments outside Europe, namely in the Americas, Australia and New Zealand. In this period, as democratization spreads and social rights begin gradually to emerge as a complement to civil and political rights, social security begins to be conceived less as a matter of social welfare and more as a question of social justice. The Great Depression, the worldwide downturn that began with the stock market crash in Wall Street of October 29, 1929 and lasted until about 1939, gave the fatal blow to the liberal model of state. It triggered collectivist centrally planned responses such as the New Deal in the United States and non-liberal political regimes such as communism, fascism and corporatism in Europe. Soon afterwards, World War II dramatically reinforced the conditions for the development of social citizenship along lines hitherto unknown (Marshall, 1963).

### THE SOCIAL STATE (1929–1973)

World War II signals a global shift in the history of the welfare state. This shift, of course,

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cannot be dissociated from the much broader shift in international law that occurs at the time. Under the liberal model of state, international law had been an exclusive affair of governments. In the light of the totalitarian consequences of the Great Depression, there was mounting pressure for international law to become also an affair of peoples. As a result, the idea that the well-being of countries and their peoples had to be given legal protection by international law rapidly spread and was given institutional support in the form of the 'Economic and Social Council' of the United Nations and by reinforcing the role of the International Labour Organization. Under the designation of 'welfare internationalism', this new vision first gains legal force in the Universal Declaration of Human Rights of 1948 where a catalogue of universal social rights appears in Articles 23 to 28: right to work, free choice of employment, rest and leisure, a standard of living adequate for the health and well-being of self and family, education, and participation in cultural life. No less important is the International Covenant on Economic, Social and Cultural Rights of 1966, whose signatory parties committed to work toward the granting of social rights to their peoples. Such a concrete commitment toward the realization of social rights also meant that the 1966 Covenant was the object of heated ideological dispute between the contending blocs of the Cold War: although the United States under the Carter administration signed the Covenant in 1979, the United States are yet to ratify it. This goes to show that the emergence of new models of state is never the natural outcome of irresistible forces of history; the social model of state emerged from the historical experience of countries on either side of the Iron Curtain as well as of countries that remained neutral during the Cold War such as Sweden and Finland. Despite these profound geopolitical divergences, the years of economic recovery from the Great Depression were also years of the firm entrenchment of social welfare institutions.

This period became known as the Golden Age of the welfare state. In the thirty glorious years between 1945 and 1975 there is a decisive expansion of the welfare state, with a rising share of GDP in developed countries being devoted to rapidly expanding social welfare institutions. While in Western Europe, the expansion of the welfare state takes place according to the blueprint set out in Lord Beveridge's legendary 1942 report, in Eastern European countries, social welfare provision follows a socialist pathway characterized by a guarantee of full employment and universal, unified and free social benefits. Existing political sociological explanations of welfare state expansion are overwhelmingly based on the historical experience of Western, democratic countries. One such explanation singles out rent-seeking behaviour by vested interests. These are assumed to grow stronger and spread if not interrupted by exceptional events such as war or social revolt (Olson, 1965, 1982). Another influential explanation conceives of the entrenchment of the welfare state as a rational response to market failure in private insurance markets. From this perspective, welfare policies are believed to emerge as an efficient way to provide the population with insurance against social risks (Barr 1992). Prevailing explanations, however, fail to account either for the origins of socialist welfare states, or for outlier cases such as Mediterranean-type welfare states in which political circumstances limited the existence of vested interests prior to the creation of the welfare state. In addition, the existence of a generous social rights catalogue partly influenced by socialist constitutions strongly suggests that rational efficiency concerns were less important than a broad political-ideological overlapping consensus for the creation of the welfare state in such cases (Vieira & Silva, 2013b, p. 914). This illustrates the need for contemporary political sociology to develop new theoretical approaches in order to account for institutional origins beyond the confines of rational choice theories (Baert & Silva, 2010, pp. 144–146).

The need to account for the origins and development of welfare state arrangements is as old as the welfare state itself. In the 1950s and 1960s, the scholarship on the welfare state and social policy increased significantly. In the UK, Richard Titmuss had a pioneering role in the study of social policy outcomes and the redistribution of wealth. Titmuss's essay 'The Social Division of Welfare' (1976 [1955]) proved particularly influential in this regard. It revolved around the question whether social policies were actually as redistributive as they were originally intended to be. Titmuss was among the first to look beyond social expenditures as a percentage of the GDP to consider also the redistributive impact of indirect social policies, such as tax subsidies, and occupational welfare benefits, including trade unions or employer-sponsored health care and pensions provided, but regulated and eventually tax subsidized by the state. This enabled Titmuss to distinguish between three basic models of social policy – universal, residual, and achievement-oriented welfare policies – a typology which will eventually pave the way to Esping-Andersen's later typology of Scandinavian, Anglo-American and Continental European welfare regimes. Titmuss's findings that universal welfare arrangements, assumed to be the most redistributive of all, could sometimes lead to less redistributive outcomes than residual and achievement-oriented types inspired a long series of studies into unintended institutional effects in historical-comparative sociology.

In France, amongst a nascent scholarship on social policy and welfare provision, Raymond Aron distinguished himself by mobilizing the sociological tradition to clarify the principles and consequences of the new model of social state. Aron argued that the sociological tradition included three visions of historical development, whose pertinence could be assessed against contemporary developments (1998 [1967], p. 332). Comte championed an 'organizing' vision of society, roughly equivalent to today's technocratic discourse. Marx had inspired

the 'apocalyptic' vision of revolutionaries. Aron's praise went to Tocqueville, who should be credited for outlining the contours of the 'appeased' vision of social relations that, Aron believed, corresponded to the post-war experience of the welfare state in the West. The events of May 1968 in Paris, with the social protest and collective creativity they helped unleash, would soon prove how fragile was Aron's Tocquevillian vision, however. May 1968, together with the civil rights movement in the United States, the decolonization process in Africa and South East Asia, and the emergence of new social movements around post-materialist cleavages such as the environment or gender (Touraine (1988 [1984]), functions as a symbolic marker of the demise of not only modernist societies, but of modernist forms of sociological inquiry as well, especially Parsons's structural-functionalism (Wagner, 1994).

Writing in the aftermath of May 1968, Habermas in *Legitimation Crisis* (1976 [1973]) explores the contradictions of modernist capitalist society, and, by extension, of the very model of social state associated with it. In what is perhaps his most popular book, Habermas provides a neo-Marxist assessment of the societal achievements of the social state model and advances a number of propositions regarding the future of the welfare state, some of which were carried further by Claus Offe (1976), whose work encompasses the rise and fall of the literature on new social movements (1985), the demise of socialism, and the current challenges posed by economic globalization (2006). Habermas distinguishes four basic types of societies (or social formations), their organizational principles, and the types of crises they are vulnerable to: primitive, traditional, liberal-capitalist, and advanced or 'organized' capitalist societies. The crisis tendencies of advanced capitalism originate from three different subsystems: economic crises from the economic system; rationality and legitimation crises from the political system; and motivation crises from the socio-cultural system. While a rationality

crisis is an output crisis that occurs when the state fails to meet the demands of the economy, Habermas defines a legitimation crisis as an input crisis that occurs when ‘the legitimation system does not succeed in maintaining the requisite level of mass loyalty’. (1976 [1973], p. 46) Habermas argued that, insofar as a legitimation crisis refers to a situation in which administrations are unable to establish normative structures to the extent required for the entire system to function properly, it is also an identity crisis in the sense of a decline in the popular confidence in administrative functions and institutions. This provided the theoretical rationale for the subsequent empirical study of social attitudes towards the welfare state as a way of evaluating the level of legitimacy it enjoys. The oil crisis of 1973, and the ensuing economic downturn and fiscal crisis, elicited just such an identity crisis, paving the way to the rise of post-materialist social attitudes (Inglehart, 1977), neo-conservative and post-modernist ways of thinking (Lyotard, 1979), and a post-industrial society no longer based on manufacturing but on services (Bell, 1973). The exhaustion of the utopian energies of the project of modernity seemed irreversible, notwithstanding Habermas’s admonitions (1991). With it, a fundamental questioning of modernist belief in reason upon which the model of the social state was founded rapidly ensued, including its rationally planned interventions in matters of social welfare provision.

### THE NEO-LIBERAL STATE (1973–2008)

Since the 1970s, a new state model emerges: the neo-liberal model. This new model, also known as ‘regulatory state’ (e.g. Sunstein, 1990), prioritizes once again economic institutional imperatives over political ones – that is, economic efficiency instead of solidarity (Stjerno, 2005). This is a shift from a Keynesian model of state-economy-society relations oriented towards the redistribution

of wealth within a social citizenship conception to a Schumpeterian model, in which the state should give way in key domains to a plurality of non-state agencies, including Third Sector organizations (NGOs, private foundations, mutuals, cooperatives and voluntary associations) and private companies. While the three waves of human rights described by T.H. Marshall and the economic theory of John Maynard Keynes provided intellectual grounding for the social state, the neo-liberal state, besides the neo-classical economic theory of the author of *Capitalism, Socialism and Democracy*, is founded upon the theory of regulation. The regulatory model assumes that capitalism is an inherently unstable mode of production and tries to explain why it not only did not crumble, but indeed became dominant in the last decades of the twentieth century (Wilson, 1980; Meier, 1985; Noll, 1985; Mackay, Miller & Yandle, 1987; Meiners & Yandle, 1989; Young & Wallace, 2000; Black, 2002).

The designation ‘regulatory state’ derives from the concept of ‘self-regulating market’. If markets are able to regulate themselves naturally, the state should only intervene in order to guarantee the conditions for their functioning, namely by ensuring free competition and avoiding monopolies, cartels and other market abuses. In the light of the neo-liberal model of state, it is not the government’s function to produce and distribute public goods and services directly, but only to regulate, supervise and facilitate the production and distribution of those goods and services by a third party, including private companies.

There were three main axes along which the social state has given way to the regulatory state, even though in many countries the former model had only been implemented residually. First, there has been a decentering of state intervention, either to the subnational level (regional and local), or supranational (e.g. EU, NAFTA) (Silva & Vieira, 2009, pp. 73–74). Second, there was a shift from ‘welfare to workfare’, in which the public

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provision of social benefits became once again means tested, or conditional on so-called 'labour market activation'. The pastoral character of state intervention is becoming increasingly evident (Jessop, 1993). Third, there was a move from 'govern to governance', a neologism whose origins can be traced back to the pre-Westphalian era (Brenner, 2004). This is evident in virtually all levels of state administration, as 'contracting out' became the most popular solution to the problems of efficiency which the fiscal crisis of the 1970s laid bare. Perhaps the most conspicuous expression of this novel model of state is the 'Washington Consensus'. This was pivotal in making concepts such as 'governance', 'multi-level government', 'regulation', 'state capture' by vested interest groups, and 'globalization' central to the analysis of political decision-making in disciplines such as management, law, economics, or social policy, as well as in the self-legitimizing discourse of international organizations themselves, such as the International Monetary Fund, the World Bank or the OECD (1997, 2000), and in academic discourse (e.g. Bevir, 2007). Because the establishment of a new paradigm is also, and fundamentally, a symbolic struggle, the proponents of this state model have also striven to find additional sources of legitimation in the history of ideas (McCraw, 1984). In addition, new theories of democracy intent on correcting the formalist bias of representative democracy, such as deliberative democracy, tend to reinforce rather than question the growing unequal distribution of wealth characteristic of the neo-liberal era (Vieira & Silva, 2013a, pp. 162–163). This fundamental shift in the model of state had profound consequences for social welfare arrangements and for the way these were to be studied.

By 1980 there was a growing consensus, both in academic and political circles, that there was a looming crisis threatening the welfare state (OECD, 1981; Rosanvallon, 1981). The continuous economic growth and demographic conditions that had prevailed

in the post-war years now seemed increasingly a thing of the past. A neo-conservative movement, whose intellectual origins can be traced back to the 150-year old conservative reaction to the welfare state on the grounds of its futility, perversity or the threat it poses to liberty and democracy (Hirschman 1991), helped elect Margaret Thatcher in the UK in 1979 and, soon afterwards, Ronald Reagan in the United States. Both leaders were elected with a fiscally conservative agenda whose main priority consisted in retrenching the welfare state. Idleness, once heralded as one of the 'social evils' the welfare state should strive to eliminate, was from now on to be brandished as a psychological disorder, an increasingly prevalent and pernicious form of self-regulatory failure (Steel, 2007). In Eastern Europe, 1989 meant not only a change in economic model of production and a political regime change but also a shift in the model of welfare provision.

While accounting for the shift of the model of social welfare provision in post-communist welfare states centred around how similar structural political-economic changes had variable effects upon social welfare arrangements at the country level (Inglot, 2008, pp. 211–314), the research agenda in the West revolved around the relative imperviousness of those same social welfare institutional arrangements to electoral politics. In particular, in the West the research agenda shifted from the politics of welfare state expansion, for which politicians want to be credited, to the politics of retrenchment, which require from them strategies to deflect responsibility for unpopular cuts. The neo-institutionalist revolution of the 1970s and 1980s in American political science and political sociology (Powell & DiMaggio, 1991) proved decisive in helping to account for this new politics of the welfare state. A crucial notion introduced by neo-institutionalism is path-dependency, which points to the difficulties of changing institutional arrangements once these are put in place. This concept proved immensely useful for the study of welfare policies, as



it suggested that something extraordinarily significant had to occur in order to change entrenched welfare states. The fiscal crisis of the 1970s and the neo-liberal politics of the 1980s seemed to provide the perfect combination for such extraordinary retrenchment to occur. This was the background of Paul Pierson's *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment* (1994), the most influential study of the 1990s. Pierson's most notable innovation was of a conceptual nature. The concepts of 'credit claiming' and 'blame avoidance' (Pierson 2000) rapidly established themselves as central explanatory instruments of the new political reality. What the popularity of the 'politics of retrenchment' tends to occlude, however, is that Pierson was intent on showing the limitations, rather than the success, of Reagan's and Thatcher's cuts in social expenditure. His main finding is that their efforts at retrenching the welfare state varied systematically across policy areas, as differences in policy design significantly affect politicians' blame-avoidance strategies. For Pierson, the path-dependent character of welfare institutional arrangements proved stronger and more flexible than ideology.

The impact of the new ways of thinking and operating of the neo-liberal state upon social welfare institutions has been substantial. The so-called 'new public management' has increasingly replaced the traditional Weberian bureaucratic management that helped bring predictability and efficiency to the management of the welfare state until the 1980s. (Minogue, 1998) As the Richard Titmuss Chair in Social Policy at the LSE, Julian Le Grand, explains, this new toolbox of management ideas includes the introduction of a purchaser-provider model in social welfare services, the outsourcing of welfare social provision to private companies, giving claimants more choice and exit options, and decentralizing decision-making to middle-level managers, including local or regional authorities (Le Grand, 2007; see also Bruijn, 2007).

The stated goal of new public management is not expanding solidarity or guaranteeing equality through the rational organization of administrative resources; instead, it is aimed at increasing the economic efficiency of social welfare agencies by increasing choice by service users and competition between social welfare providers.

These important changes in the organizing principles of the state, in social welfare provision and in the way social policy was studied, inspired significant theoretical reflection. The most obvious case is the debate opposing Nancy Fraser and Axel Honneth over redistribution and recognition, which helped clarify the fundamental issues at stake. This debate originated in Fraser's *Unruly Practices* (1989), where she criticizes the politics of gender in Habermas's treatment of the welfare state (1991[1981]), (1996[1992]), (2001[1998]). In this collection of essays written in the 1980s, Fraser delineates a socialist-feminist theory of the welfare state, which would prove immensely influential among feminist thinkers and social policy researchers alike. Many, however, deemed Fraser's neat separation between material and ideal concerns unconvincing. Honneth, in *Struggles for Recognition* (1996), provides an alternative to Fraser's feminist critical proposal by means of a neo-Hegelian critical theory of the welfare state in which the social psychology of Mead is mobilized in order to supplement the model of recognition developed by the young Hegel (Honneth, 1996, p. 71). Of the three types of relations of recognition identified by Hegel – love, right, and solidarity – Honneth thinks Mead's notion of the 'generalized other' helps to clarify the second one, legal recognition (Honneth, 1996, p. 80). Since societies have meanwhile changed dramatically over the course of the last two hundred years, Honneth deems Hegel's and Mead's analyses of legal recognition out-dated. Both Hegel and Mead considered only 'liberal civil rights'. As Honneth points out, there has been in most developed countries an extension of human rights to encompass social and economic

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rights in the second half of the twentieth century. As a consequence, Honneth argues, the legal prerequisites of self-recognition now include a substantive component, namely the specification of the conditions of their application. Whether through Fraser's renewed focus on redistribution, or indeed through a genealogical reconstruction of key notions of welfare discourse such as 'dependency' (Fraser & Gordon, 1997), or through Honneth's novel understanding of recognition, the fact is that critical social theorists at the end of the twentieth century were building upon empirical studies of the welfare state as to help open new avenues of research (Honneth & Fraser, 2002).

This points to the need to question the common assumption in most of the welfare state literature that its primary purpose is redistribution from the better-off to the poor. In fact, historical experience shows that social investment in key areas such as education or health care has been a main purpose of many social policies, which directly contradicts the assumption that the more redistributive a policy is, the higher the social investment returns it will provide. Likewise, since its inception in the nineteenth century, insurance against eventualities such as unemployment, old age, or illness has been perceived as a central aim of many welfare policies. As a result, a key feature of welfare policies has been the generation of welfare clienteles in the form of powerful occupational groups whose main interest is not redistribution to the poor, but secure social protection for themselves. The emergence of new social risks in recent decades and the financial crisis of 2008 have only reinforced the need to question the assumption that redistribution, even in Fraser's feminist post-socialist guise, is indeed the main purpose of the welfare state. Perhaps even more crucially, one needs to face the possibility that these purposes may be in conflict with each other. In that case, the future of the welfare state involves the collective resolution of conflicts whose configuration has been changing in significant ways at the dawn of the twenty-first century.

## **FUTURE DIRECTIONS: A NEO-SOCIAL STATE?**

The 2008 financial crisis and its global economic and political repercussions rank amongst the most severe political-economic upheavals of all time, on a par with the 1973 oil crisis that triggered the neo-liberal state model and the Great Depression of the 1930s that generated the social model of state as a response to the crisis of the classic liberal model of state of the nineteenth century. In its aftermath, most developed economies were faced with a difficult choice: either deal with defaults and the banking crisis, which in cases such as the UK amounted to as much as 20% of GDP, or face the political consequences of cutting public funding for the welfare state. Most governments opted for the latter, and, as a result, since 2011, populism has been on the rise, both on the right and the left of the political spectrum. As a consequence, it became increasingly untenable to suggest that a universal public social safety net is dispensable and that it is prudent to leave future pensions to be managed by financial markets. This has led, namely at the level of the Bretton Woods institutions, to a change in discourse from the anti-welfare state mantra of the 1980s and 1990s to a more realistic assessment of its relative merits on a case-by-case basis. As economic globalization continues to spread to new regions of the world, popular claims for social rights and social welfare provision will increase in the new century. Yet the implementation of such claims is likely to be different from the historical experience of the West. Both in the West and elsewhere, however, the prioritization of the institutional economic imperative typical of the neo-liberal state model is likely to give way to a reconsideration of social concerns. In short, there is a growing consensus that the systemic nature of the current crisis may elicit a radical rethinking of both the regulatory model of the state and, by extension, of the existing models of the welfare state, as some proved significantly

more resilient to the crisis than others. A new state model may be emerging as a consequence of these events: the neo-social model.

The neo-social model is related to the social state as the neo-liberal model is related to the classic liberal state. Despite the 'family resemblance' shared by these last two, they are fundamentally different models. The neo-liberal state that emerges in the 1970s historically succeeded the social state, defining itself against it while benefiting from its achievements such as mass education, larger economic output, and technological development. Likewise, the neo-social model will be a fundamentally different model from the social state of Roosevelt, Marshall and Keynes. Although both share a general orientation towards a social imperative rather than an economic one, the neo-social state will draw upon key elements of the model it will succeed historically. These are likely to include market economy, the rejection of the paternalism that sometimes characterized state intervention (including in social welfare provision), or the decentralization of political decision-making so as to increase popular scrutiny and participation.

The neo-social model is different from the neo-liberal model in its relative prioritization of political and social institutional imperatives. Yet this will have to be achieved in fundamentally new terms. Either in the case of Western developed countries, with their more educated populations, less inter-class and inter-generational solidarity, and increased mass media scrutiny, or in countries such as China, with considerable infrastructure capacity but which have not yet prioritized social protection, today it is significantly more difficult to secure social legitimation than it was in the past.

To avoid being confronted with a legitimation crisis, welfare states today need to reconceive the principle of redistribution in radically new terms. If redistribution is to be made compatible with competing principles such as social investment or risk insurance, it needs to encompass not only the traditional redistribution of wealth but also the

redistribution of risks. The historical experience of the 2008 crisis, however, has shown the limitations of trying to address the redistribution of risks with more targeted policies, a typical response by the neo-liberal state (Rosanvallon, (2000 [1995]). Rather, today's 'dualized societies', characterized by a concentration of the risk of remaining outside the labour market amongst younger, female, less educated segments of the population, require an altogether different approach to social policy (Emmenegger et al., 2011). One answer to the insider/outsider schism is a flexible but universal blanket of social protection to insure citizens from the risk of outsidership. This could involve the universal individual portability of social rights and social security protection across different professional careers and national jurisdictions. This, of course, would require supranational regulation of labour markets at an unprecedented level, signalling the emergence of a new state model.

Under such a new model of state and welfare provision the very conception of 'work' would need to be fundamentally reconceived. Work has been historically defined in relation to the notion of laziness (and cognate concepts of idleness and indolence) since the late eighteenth century (Saint-Amand, 2011). As capitalism developed, and the liberal state was replaced by the social state, which gave way to the neo-liberal state model, 'laziness' was variously construed as opposition to, as complementary to, and as an integral part of 'work'. Either as a complement or as an integral component of work, laziness failed to ensure full de-commodification: welfare benefits and services seldom were designed and delivered in ways that empower and enable marginal citizens, for instance. It is, of course, an open question whether the neo-social state model will indeed be able to establish a radically new relationship between work and non-work, so as to guarantee that the domain of free time for play, intellectual and aesthetic contemplation, and intimacy is, once again, an autonomous realm free from commodification.

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