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new perspectives for
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Model**



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Liberal Neo-Welfarism: new perspectives for the European Social Model

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Introduction

At the onset of the new millennium, the European institutions solemnly proclaimed a Charter of Fundamental Rights resting on the following basic premise: “ Conscious of its spiritual and moral heritage, the Union is founded on the indivisible, universal values of human dignity, freedom, equality and solidarity” (Preamble). This proclamation can be viewed as a symbolic break with the predominantly economic discourse – emphasising the role of free markets and undistorted competition - that had characterised the integration process since the Single European Act of 1986. The 2000s have witnessed the gradual emergence of a novel ideational perspective whose underlying rationale is, precisely, to promote the mutual integration of the four values of the Charter and to substantiate them through a distinctive policy agenda. The aim of this paper is that of briefly reconstructing this process by illustrating, first, the ascent and decline of the neo-liberal parabola and by outlining, next, the contours of the new perspective, which I will label *Liberal Neo-Welfarism*.

1. Social welfare and the neoliberal parabola

The neo-liberal creed has played a key role in the discourse that has accompanied the transformation of the European welfare state since the 1980s. The flow of neoliberal ideas (and thus their visibility and impact) has not been, however, constant through time. It has rather followed a large parabola, with an ascending phase in the 1980s, a flattening phase around the mid-1990s and a descending phase thereafter. Especially in the latter phase, the welfare state discourse has witnessed the strengthening (we could say the “striking back”) of other ideological traditions, which have gradually gained traction within the reform wave that has been reshaping the profile of European welfare during the 2000s.

The neoliberal parabola is clearly recognizable at both the national and supranational level (Harvey, 2005, Mudge, 2008, Steger and Roy, 2010). The early national debates on the “crisis” were largely inspired by an ideological critique of the “nanny state” and its excesses in terms of egalitarianism and taxation (and thus less efficiency and distorted incentives), bureaucratization and social control (and thus less freedom, less dynamism, a culture of passive dependence and weakened personal responsibility). Combined with moral conservatism, this anti-welfare ideology triumphed throughout the 1980s and early 1990s under Reagan and Thatcher (who however defined themselves as neo-conservatives rather than neo-liberals). In Continental and Nordic Europe neo-liberal views and proposals never reached the tsunami proportion of the US or the UK, but various countries of these two areas witnessed nevertheless the appearance of anti-tax and anti-welfare parties which were able to attract considerable consensus (a typical example was Forza Italia, founded by Silvio Berlusconi between 1993 and 1994).

At the supranational level, during the 1980s and early 1990s economic neoliberalism (and its monetarist core) succeeded in taking deep roots, especially within the OECD and most international economic organizations, the European Commission and, later, the European Central Bank. Undistorted competition, market efficiency, consumer choice, monetary and financial discipline acquired a lexicographic priority over any other economic and social objective. In combination with Treaty rules programmatically biased towards “negative integration”, economic neoliberalism was the driving force of the two biggest European projects and achievements of the 1990s: the Single Market and EMU. In their original formulations, both projects displayed a visible anti-social state flavour: the welfare state was mainly seen as a liability, a source of rents and distortions hindering market competition as well as of programmatically irresponsible spending commitments, threatening the soundness of public finances. “Retrenchment”, “roll-back”, “cost containment”, “cuts” were common expressions used to prescribe and describe reforms in the social protection sphere.

During the mounting phase of the parabola, the neo-liberal discourse did have a tangible institutional impact. The most emblematic national case is of course the UK (Hay, 2001), where several reforms were adopted in the field of unemployment insurance, second-tier pensions, social assistance and health care, all explicitly motivated and justified in neoliberal terms. Through the new provisions of the Single European Act and then the Maastricht Treaty, supranational neoliberalism was able in its turn to impose increasing budgetary and (de)regulative constraints on the internal functioning and structure of national social protection systems, re-orienting their agenda towards efficiency, sustainability and work incentives. It is to be noted, however, that despite its unquestionable significance and traction, in its ascending phase neo-liberalism did not succeed in affecting the institutional foundations of the welfare state, i.e. state-funded and state-centred compulsory social insurance. Even in the UK, Thatcherism did not bring about that general overhaul of British welfare that the Iron Lady repeatedly advocated in her speeches. On the Continent, the few radical proposals that were formulated by neo-liberal formations (e.g. Forza Italia’s plan to privatize the NHS in the first Berlusconi government, 1994 or the demands voiced in the early 1990s by French self-employed associations to break the state *monopoles sociaux*, including in public pensions) were not even officialised. And in their turn neither the Single Market nor the Maastricht Process prompted that “race to the bottom” in terms of social standards which neo-liberal opponents had predicted in the wake of liberalizations, greater “market compatibility requirements” and financial/monetary austerity (Ferrera, 2005).

2. New challenges, new ideas

In the early 1990s the ideological climate began to change: the ascending phase gradually halted. After the Single European Act, the Delors Commission started to elaborate a new discourse on “the social dimension” of integration, which inspired the adoption of the Social Protocol to the Maastricht Treaty. Later, a fully-fledged doctrine on the appropriate role of this dimension was defined (mainly by the Employment and Social Affairs Directorate of the Commission, in collaboration with the European Parliament), under the general rubric of “welfare state modernization” (EC, 2005). Such doctrine was not presented as an alternative to the neoliberal perspective, but as an enriching and coherent expansion: social policy was to be valorised (while modernised) because it was an important “productive factor”. The launch of the European Employment Strategy and the Employment and Social Chapter of the Amsterdam Treaty were a clear result of this discursive re-orientation.

At the national level, the neoliberal critique of the welfare state started in its turn to be contrasted by increasingly articulated cognitive and normative counter-arguments. While accepting the challenge (and the desirability) of “modernization”, such counter-arguments suggested that reforms should not (only) be about efficiency, cost-containment and market incentives but also about efficacy and distributive rationalizations guided by the principles of equity (including gender), inclusion, cohesion. This new discourse was definitely prompted by the threat of a neoliberal hegemony, but it cannot be seen as a mere conjunctural response to it. It was rather the result of a gradual and laborious re-elaboration (already started in the 1980s) of other classical European traditions (such as social democracy, social liberalism, and to some extent Christian solidarism) as well as the new Anglo-American school of egalitarian liberalism, emblematically represented by Rawls (for a review: Kymlica, 2011). This re-elaboration was also prompted by the need to seriously confront the new challenges posed by European integration, globalization and the rise of the service economy. In part for necessity, in part for (conditional, but genuine) conviction, the new discourse came to internalize some of the cognitive and normative elements and institutional constraints of the neoliberal stream: e.g. financial stability, the need to regain competitiveness, organizational efficiency, individual responsibility and work incentives .

During the 2000s the EU has been a major arena and an important actor for the elaboration of the new welfare state modernization discourse and programmatic agenda. Some of the key programmatic notions (e.g. “recalibration”, “active inclusion”, “social investment”, “social quality” etc.) were developed in (and partly by) “Brussels”, providing broad inspiration and specific insights for the Lisbon and later the EU2020 agendas. A novel strand of intellectual debate has also been launched on how to rebalance economic and social objectives within the EU supranational architecture (Cantillon et al, 2012).

The anti-neoliberal “strike back” has come in separate waves, with different political colours and discursive styles, reflecting the broad variety of Europe’s national political cultures (Barbier, 2012). A first wave was prompted by the return to power of centre-left parties. Blair’s *Third Way*, Prodi’s *Welfare delle Opportunità* and later Zapatero’s *Nueva Igualdad* are emblematic examples of the different symbolic packages that framed the agenda of welfare reform under centre-left majorities in the UK, Italy and later Spain (Huo, 2009). But ideological re-elaboration took place also in countries where centre-left parties had to govern jointly with Christian Democratic or liberal parties, as in the red-black coalition in Germany and the purple coalition in the Netherlands. At least to some extent, the recent rise of “Red Toryism” in the UK can also be seen as a reaction to the neoliberal orthodoxy (but see *infra*).

Is there a way to capture –beyond national and party-political variations- the general nature of the post-neoliberal perspective on the welfare state in the EU?

3. Liberal Neo-Welfarism: towards a new ideological synthesis

When confronted with broad constellations of changing political institutions and normative justifications drawn by distinct intellectual blueprints, but characterised by some degree of coherence and temporal continuity, political theorists sometimes use the notion of “ideological syntheses” (e.g. Mueller, 2009). To a large extent, what I have described as the post-neoliberal perspective on welfare state modernization can be considered as an emerging ideological synthesis, which pools together the core values of the liberal-democratic and social-democratic traditions (liberty and equality), de-contesting each of them and their relationship in a new way and re-adapting a number of the adjacent components of each tradition ⁽¹⁾. “Post-neoliberal” is a label endowed with minimal connotative power (at least it makes clear what the perspective IS NOT), but can a more effective and appealing label be proposed? I tentatively submit here the notion of “Liberal Neo-Welfarism”. A true child of both traditions, the welfare state (and more generally the notion of “good welfare”) has symbolically come to be perceived as the achievement of Scandinavian social-democracy: the noun “welfarism” is chosen in the acknowledgement of this fact (Kildal and Kuhnle, 2005). The new perspective innovates from the past in both its approach and in the approached objects and problems: hence the pre-fix “neo”. The adjective liberal is meant to valorise not only the social-liberal tradition (often labelled as “welfare liberalism” in histories of political thought) but also two other normative commitments: 1) the commitment to individuality, rationality, openness (including economic openness: functioning markets); 2) the

1. The term “decontestation” refers to the tendency of ideologies to treat values as intuitively “right” without dispute and thus uncontested.

commitment to maintain a reasonable balance between competing values and inevitably contrasting normative pulls (Freeden, 2008 and 2012, Magnette, 2009).

The liberal neo-welfarist ideology tends to de-contest the notion of liberty in at least three ways. First, while recognising the lexicographic priority of negative freedom (*à la* Rawls), it views it as inextricably linked to positive freedoms that allow for self-development and “flourishing” (the Millian perspective). Second, it builds (also) on negative freedom to strengthen the principle of non discrimination and thus generate new types of civil rights with heavy social implications (e.g. gay marriage; gender quotas; pro-choice options in ethically sensitive areas: cf. the Spanish experience). Third, it emphasizes the link between liberty and the other fundamental rights.

Likewise, the notion of equality is de-contested by soft-peddalling outcomes in favour of opportunities, “life chances”, capabilities and “functionings” (*à la* Sen). Within liberal neo-welfarism, equality assumes moreover 1) a dynamic character: what matters is the life-cycle, not “here and now” equality; 2) a multi-dimensional character (not only income, but other aspects such as minority status and especially gender); 3) a prioritarian character (again, *à la* Rawls): while maintaining universality in access to services and benefits, social policy should prioritize the worst off.

Following the insight of the Anglo-American school of egalitarian liberalism, the relationship between liberty and equality is essentially framed in terms of social justice: a concept that is programmatically meant to reconcile the inviolability of basic liberties and democratic procedures with the necessity to accurately and convincingly justify any departure from strict egalitarianism in the distribution of the goods of social cooperation (the “fairness requirement” of social distributions).

Other pooled components of the emerging synthesis include most prominently the three notions of “productivist solidarity”, “active inclusion” and “social promotion”. Taken together, these three notions can be largely seen as bridge concepts aimed at reconciling some tensions typically generated by the liberty-equality dyad: competition vs cohesion, individual vs society, personal vs collective responsibility, desert vs need, choice vs coercion. Productivist solidarity (a key adjacent component of Scandinavian social-democracy: Tilton, 1990) refers to the idea that the collective guarantee and provision of social benefits and services is indeed a productive factor that can enhance economic performance provided that it is based on reciprocity, readiness to work and participation in society. The fight against poverty and social exclusion should be a priority, and ought to be pursued not only by passive transfers, but also through quality services and training opportunities. The counterpart of inclusion is activation, i.e. the expectation/requisite that recipients engage in activities that promise to re-enable them to be economically self-sufficient. The notion of social investment/promotion emphasises the importance of preparing individuals

(families and whole societies) to face the manifold risks of their life-cycles rather than repairing ex post the damages of risks (Jenson and Martin, 2003). Social investments (in early education and care, training, work-life balance, long-life learning, active employment services etc. key to capacitating individuals in the realization of their life plans (Millian liberty), in equalising opportunities and guaranteeing fair outcomes, especially for the most vulnerable (prioritarian egalitarianism: Parfit, 1984) and at the same time upholding economic performance and financial sustainability (social-democratic productivism).

There is of course much more in the liberal neo-welfarist synthesis (e.g. the wish the “re-embed markets” and the attention to social and political legitimacy in allocative and distributive reforms). The above is enough, I believe, to show that its key components are indeed clearly distinct from the neoliberal ideology, with only limited overlaps (mainly as regards the importance of a healthy economy, based on functioning markets and fiscal sustainability). As mentioned, the synthesis covers a wide ideological space that leaves room for different sub-variants which may well reflect more traditional left-right traits and emphases and national traditions (e.g. the Anglo-liberal vs the Nordic-socialdemocratic variants).

It must also be noted that during the last decade ideological revisionism has occurred also within the Christian Democratic and moderate camps. Within the former, the objective has been that of reframing the classical notions of “person”, “subsidiarity”, “altruism” in the light of emerging socio-economic transformations (Stjerno, 2005). Partly drawing from German *ordo-liberalism* and classical Christian solidarism, the idea of a “social market economy” has been revived on the occasion of its fiftieth anniversary (especially in Germany, of course: Glossner and Gregosz, 2009) and has now found a key position in art. 3 of the Lisbon Treaty. European Conservatism has in its turn gradually distanced itself from Thatcherism (Diamond, 2011), in an effort to incorporate a new “social dimension” through the notions of welfare society or welfare community and, more recently under Cameron in the UK, the Big Society (2).

The transformative potential of Liberal Neo-Welfarism is still heavily constrained, today, by the austerity-centred stance of “Economic Europe” and by the weakness of the EU’s social dimension. The novel discourse on the welfare state has not affected (and not yet squarely challenged) the prevailing consensus on monetarism and fiscal austerity in the management of EMU. There are some timid signs of new economic thinking appearing in the wake of the crisis (Morel, Palier and Palme, 2011), but it is too early to predict whether these seeds can germinate or not. The crisis as

2. After an initial flirtation with the “Red Toryism” perspective of Philip Blond (2009), the Conservative Party in the UK has however gradually given way to the more traditional “morals plus the market” discourse (Bale, 2012, Bone, 2001), thus replacing itself clearly outside the perimeter of Liberal Neo-Welfarism.

A powerful source of ideological competition from without the perimeter comes from rising neo-populist parties of the right and from the radical Left (Mudde, 2007 and March, 2011).

such can offer an opportunity for moving from emergence to full bloom of an alternative economic doctrine, but this cannot be taken for granted either (Hemerijck, 2012). During the Golden Age, Keynesianism allowed (required, even) a high complementarity between economic and social policies. Moreover, there was a relatively lax and virtuous division of labour between market-making at the supranational level and market-correcting at the national level. As is well known, market making pressures from Brussels have gradually come to override market correcting autonomy at the national level. The chances for Liberal Neo-Welfarism to take solid cultural and institutional roots are severely weakened by the economic straitjacket and the EU's asymmetric architecture in which it is embedded and which poses strong limitations to its delivery potential. It remains to be seen whether a solution of the euro-crisis, a new round of institutional reform at the EU level and the elaboration of different economic policy paradigms will create adequate margins of manoeuvre to put the new social ideas into practice and thus defend the new synthesis from a dangerous spiral of populist centrifugation.

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