

A CENTRAL EUROPEAN PERSPECTIVE ON THE SOCIAL QUALITY OF EUROPE

benefits, and in some of them relatively significant changes have occurred, such as the privatization of the Dutch sickness benefit scheme or the weakening of solidaristic elements for instance in the Swedish or Italian pension reform. Two recent books mapping individual country's responses leave one with mixed impressions, with both hopes and fears¹⁶. Nevertheless Esping-Andersen concludes after having reviewed the existing trends that in the west 'the cards are very much stacked in favour of the welfare state status quo'¹⁷.

Search for New Solutions in the 'First World'

The social consequences of the new project described above are disturbing for everybody concerned with the quality of the society one lives in. It is clear for all those with some 'left' wing commitments that the unfolding of the new paradigm is dangerous for freedom and democracy, and also for the moral basis of smaller and larger communities. Surely former arrangements have to be changed in order to remain effective under the new conditions, but the complete reversal of the former logic seems threatening. Hence the intensifying search for new instruments and new solutions. This search may be belated and hesitant because western social democracy was too complacent about the achievements of the golden age and was not prepared for the welfare 'counter-revolution'. It may also be ineffective because the proponents of new ideas — whether they know it or not — are also influenced by the logic of competition and may thereby weaken each others' arguments instead of forming a collective intellectual attempting to 'influence politics as autonomous subjects by first asserting their independence as a group'¹⁸. Still — there are new ideas worth pondering. Without attempting to do a scientific typology of all the new solutions, let me mention some of the strands which offer food for thought and hope. These ideas are forged by intellectuals or professionals who, despite the emerging power of a new technocracy and the monolithic endeavours of the new ideology try to continue to do what has always been their job: they question the status quo, they search for alternatives, and they try to give voice to the voiceless.

One of the important arguments is about work. There are many who still believe that a society in which 10—30 per cent of the citizens are made superfluous, and have no place under the sun, is not only morally

16. See G. Esping-Andersen (ed.), *Welfare States in Transition. National Adaptations in Global Economies* (London, SAGE Publications, 1996), and George, Taylor-Gooty, note 15.

17. G. Esping-Andersen, note 16.

18. P. Bourdieu, L.J.D. Wacquant, *An Invitation to Reflective Sociology* (Chicago, The University of Chicago Press, 1992), p. 58.

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repulsive, it is also doomed to become a society of oppression and of demeaning dependency. They also think that a job, or if you wish, a socially approved way of earning a living, is basic if one wants full recognition and identity in a modern society. The standard argument against this stance is that full employment as we have known it — with safe and protected jobs, strong labour rights, employees' participation — is definitively over. Hence the assertions that the claim for jobs — stable jobs compatible with human dignity, and in line with the age-old logic of reciprocal relations — may be outdated. The other reservation about this argument is that it may be easily understood or misinterpreted as a plea for jobs at any price. If one sticks to the principle that the equilibrium between giving and receiving, between rights and obligations is to be assured because of age-old social norms, then one soon arrives to the idea that workfare is better than welfare. Workfare, though, may soon be transformed into 'forced work', as unfree and as demeaning as any social assistance can be.

Sociologically speaking, the ideas about the unconditional right to life are at the other end of a scale. This approach is strongly voiced by BIEN, the Basic Income European Network. The idea that all members born into a society have at least a right to survival is certainly not new¹⁹, but its proponents are gaining ground. The idea was even taken up by neo-liberal thinkers proposing a negative income tax scheme. But the 'left' has become increasingly active. BIEN held its 6th International Congress in Vienna with a massive scientific and political attendance in 1996. The principle is to uncouple work and income. Even though the proponents of the basic income may not use this 'discourse' the project is very close to what Sweden tried to achieve: the decommodification of labour. One should work because this is the best way of human development and self-actualization, and one should receive a livelihood as a human right. The main arguments about this solution concern i) its affordability: a decent basic income means very high taxation which might meet with strong resistance (Atkinson's (1991) arguments are worth considering); ii) its neglect of the social support which required for a scheme which, after all, is relying heavily on enforced social solidarity even with those considered feckless or unworthy, and which is straining social cohesion even more than the so-called enforced solidarity of the pension schemes; iii) basic income is meant to be a right tied to citizenship, so many are concerned about migrants, immigrants, and the curtailment of their rights or their freedoms; iv) the viability of a scheme which ignores the age-old social norms of reciprocity.

In between these two solutions we find a host of ideas. Out of them I find particularly interesting the efforts to rethink the role of the state in societal matters. I mention only three lines of thought. One of them

19. It is enough to read Karl Polanyi about arrangements in tribal societies in: K. Polanyi, *The Great Transformation*, (Beacon Press, 1944).

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starts from the recognition of 'government failures' which may be at least as important as market failures. The reforms needed include decentralization to the local level where this is possible (an issue which in itself is extremely difficult); heightened participation in designing public programs; the closer control of the operation of public agencies; much more information and much more transparency in all the dealings of the government. In short, the objective is to make democracy work in social policy. This, of course, needs an active civil society. I do not know about any counter-arguments against this proposal: the only problem is how to achieve it under conditions when the citizenry seems to become more and more alienated from the powers it feels unable to control. As Norbert Elias saw it: integration, in today's term globalization, means, among other things, that 'the locus of power is shifting upwards, from the smaller communities to the central state, and then to a global centre. The individual has less and less opportunity to influence decisions. This increases the impotence of the individual in relation to what is happening at the top level of humanity'²⁰.

The second interesting conception about the changing role of the state has cropped up in Britain in the report of the Commission on Social Justice²¹ (1994) and emerges in the writings of many sociologists. The idea is to shift from the state as redistributor to the state as investor — investor in the future via life-long education and many other instruments to give chances to those born in the wrong places. One crucial element in this approach is the idea of Frank Field, British MP and former leader of the Child Poverty Action Group, that one of the main tasks is to 'cut the supply routes to tomorrow's underclass' even if we cannot do enough about the predicament of those already 'disaffiliated' from the society they live in. It is not difficult to imagine what this involves for government responsibility in terms of preventive action in health, education, housing, generalised social services and such like. Hence one of the objections which may be raised is that this solution may not lead to a reduction in state spending.

The third argument about the state takes into account the consequences of globalization. It is almost inevitable that economic globalization curtails the freedom of self-determination and autonomy of the nation states. It has already been mentioned that an 'international state' trying to curb international trends with disastrous social consequences between and within countries is weak. There are, though, attempts to argue, on the one hand, that social movements, trade unions among others, have to fight for maintaining some national governmental autonomy at least in the field of social affairs. On the other hand there

20. N. Elias, *The Society of Individuals*, (Oxford, Blackwell, 1991), p. 165.

21. Commission on Social Justice, *Social Justice: A Strategy for National Renewal*, (London, Vintage, 1994).

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are spokesmen for building up an 'international state' concerned also with the well-being and rights of people. Joschka Fischer has recently argued that 'the European social state, if it will be adjusted to the requirements of globalization, will not weaken the force and advantages of Europe in the global competition: on the contrary, it will strengthen them'²².

This list could be lengthened, but ideas are weak if there is no social force behind them. Therefore I should like to draw attention to the many assets of the European Union or the First World which may help to defend welfare arrangements 'by adjusting and changing' the status quo. One asset is *history*. In truth, the 'welfare state' has been the end product of a social contract forged through generations. Most components of the European welfare state grew organically, prompted by, proposed to, perhaps forced on, but eventually legitimated by, the electorate. The uprooting of such a system may encounter very strong resistance.

The strongest asset of the Union is, in fact, its *civil society*, which may mobilise itself. 'Civil society' has been deeply involved in the construction of the welfare state, and albeit the welfare state did not deliver all its promises the majority was quite well served by it. The onslaught on welfare arrangements has been met with strong resistance on several occasions, in quite extreme form in France in the winter of 1995 or in Germany in the spring of 1996. Even without mass mobilisation, civil society has many potential ways of action. One of them is corporate bargaining involving, at least, trade unions in the shaping of the new systems.

Last but not least many *supra-national agencies* take a new or strong stance. The Council of Europe in its most recent revision of the European Social Charter (open for signature since the 3rd May 1996) aims at strengthening safeguards of fundamental economic and social rights. The United Nations declared 1996 the International Year for the Eradication of Poverty and the next decade 1997–2006 the International Decade for the Eradication of Poverty. The European Commission set up a '*Comité des Sages*' in 1995. This *Comité* has emphasised the importance of a social dimension of an integrated Europe. In the view of the Chair of the *Comité*, 'Civic rights and social rights are becoming interdependent. *In the European tradition they are inseparable*. "Freedom and the conditions of freedom" are the mirror image of "democracy and development"²³. While the report recognises the importance of a minimum income and strongly advocates it, it also repeatedly emphasises the dangers of increasing

22. J. Fischer, 'Solidarität und Globalismus, *Transit* 12 (Winter), 1996.

23. European Commission, 'For a Europe of Civil and Social Rights', *Report by the Comité des Sages chaired by Maria de Lourdes Pintasilgo*, (Brussels, Directorate-General for Employment, Industrial Relations and Social Affairs, 1996), p.5.



Amikor Zsuzsát tisztelgő könyvecske köszöntötte nyolcvanadik születésnapján, én is írtam bele néhány sort. Ilyeneket például:

"Egy szociálpolitikai kutatás keretében töltött hónapokat bécsi intézetünkben a kilencvenes évek folyamán. Elég keményeket írtam róla ekkortájt (egyszer még árnyékbokszolónak is neveztem, aki a kommunizmusból kifelé menet ott is piacot orront, ahol még mindig az állam az úr, csak hogy elverhesse a port a liberálisokon), ő azonban birkatürelemmel viselte csipkelődéseimet."

Akkortájt többen kérdezték, mi ez az árnyékboksz. Nos, a mellékelt fejezetekre gondoltam, de a kötet, melyben megjelentek, nem volt elérhető a hazai könyvtárakban. Valószínűleg ma sem az.

Elolvastam megint, amit csaknem húsz éve írtunk. Félek, mindketten melléfogtunk. Vagy ami majdnem ugyanaz: mindkettőnknek igaza volt. Szomorúan konstatalem: Zsuzsának inkább.

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STUDIES IN SOCIAL POLICY

The Social Quality of Europe

Wolfgang Beck
Laurent van der Maesen
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CHAPTER 12

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QUALITY OF EUROPE*Zsuzsa Ferge*

Times have, no doubt, profoundly changed since the golden decades of the post-war welfare consensus, the maturation of the 'old' twentieth century paradigm leading to relatively strong welfare states or social states. In Dahrendorf's assessment, countries which belonged to the 'happy few' of the First World combined at that time 'economic opportunity, civil society and political liberty'¹. This, though, is only part of the story. The underlying idea of the social project after the Second World War was the modern liberal belief in the perfectibility of society, in the existence of rational means to reduce injustices without gravely harming freedoms. One of its purposes was the more or less explicit endorsement of public commitment for the whole process of social reproduction, including the enhancement of physical and social life chances for the present, and for the future generations. Social citizenship based on civil, political and social rights promoted a new type of social integration and the respect for human dignity. The main depository of public responsibility for these complex objectives has become the state, albeit social actors of 'civil society' had been instrumental in defining the role of the state.

The modern societal project has not been fully implemented anywhere. Poverty amidst plenty has remained a problem in most countries. Social integration has remained fragile and often defective. The state and its bureaucracy had become an entity with its own aims and interests, evading the constant control of civil society. Still, the project made important headway in many respects. The secular plague of deep poverty and the anxiety about the risks of human existence —

1. R. Dahrendorf, 'Economic Opportunity, Civil Society and Political Liberty', *UNRISD Discussion Papers*, EP 58, (March), 1995.

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sickness, ageing, loss of a job, and such like — were greatly relieved at least in the First World.

A New Welfare Paradigm: the individualization of the social

The consensus about the legitimacy and sustainability of the welfare state started to dissolve from the mid-seventies onwards. A new set of ideas about the society we have to live in has gradually emerged — albeit its constituent elements may not be new at all. (I have described this new paradigm elsewhere².) This new project is not yet a reality. Rather, we may observe a ubiquitous process leading in this direction which allows us to reconstruct a coherent 'model'.

The main objective of the new paradigm is to assure the prevalence of market rationality, the increase of economic growth and profitability. This seems to be a must in the face of the threats of an increasingly competitive international environment in which markets — moving towards deregulation — dictate the rules of the game. The almost exclusive concern with the economy and 'unfettered markets' implies the rejection of the former public responsibility for human reproduction together with its underlying values; the dismissal of the idea of an integrated society. It ignores the processes of segregation and social exclusion due to basic inequalities in social and physical life chances, and thereby it declines to mitigate them by deliberate social interventions. It also repudiates most forms of solidarity including (perhaps enforced) solidarity between generations which used to be an integral part of smooth social reproduction. In short, the essence of these endeavours is the *individualization of the social*³.

The dominance of formal market rationality makes social policy an adjunct to the economy. This may be nicely expressed in the formal language of economists. Balczerowicz⁴ suggested for instance that 'Social policy — SP in what follows — should be defined by its instruments and not by its proclaimed goals (reducing inequality, alleviating poverty, reducing individual economic risk), as intentions do not necessarily become reality'. According to him the relevant question is 'how various states or types of SP affect the rate of economic

2. Z. Ferge, 'The Changed Welfare Paradigm — The Individualisation of The Social', *Social Policy and Administration*, 1997, 1.

3. See A.-M. Guillemaud, *Le Déclin du Social* (France, Presse Universitaire de France, 1986), and P. Rosinvalon, *La Nouvelle Question Sociale. Repenser l'État-Providence* (France, Seuil, 1995).

4. L. Balczerowicz, 'Economic Development and Social Policy (an outline)'. Address delivered at the Fourth Central European Forum: Providing Social Welfare under Conditions of Constraint, Vienna, 15-16 December 1995.

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development, or — in other words — which states of SP are incompatible with the rapid rate, (SP_{inc}) and which can co-exist with fast and sustained economic growth (SP_c) .⁵ This contrasts singularly with an accepted approach of the social which implies the assessment of the outcome of any activity, including economic activity, against 'certain criteria of ultimate ends'⁵ and some value scale such as the satisfaction of needs or the distribution of the results of economic activity.

The context of the new paradigm is — more or less obviously — the globalization of the economy. This occurs simultaneously with technological and information 'revolutions'. Since globalization concerns mainly the economic actors, transactions, and institutions, a new power constellation is on the rise. During the emergence of the national welfare regimes, the main actors had been the market, the state, and civil society. They could, under democratic conditions, co-operate and, at least to some extent, control and limit each others 'colonizing' endeavours. On the global level this relative equilibrium among different forces is weak or missing. The countervailing forces of the global market or global capital — 'international governance' and international civil society — are weak, underdeveloped or non-existent. This means that the logic of a pluralist society we are committed to is violated: one actor is dominating all the others. What this means in impoverishing the life world (using the expression of Habermas) can only too well be understood by somebody who — having lived under state socialist 'absolutism' — has known a period of an even worse hegemony, the domination of politics over all other spheres of life.

The social consequences of these developments are relatively clearly recognised by now. Market globalization goes together with various types of distancing. The gap between rich and poor countries is increasing, with some countries having less and less chance and hope to join the mainstream. The competitive economies start an upward spiral in boosting efficiency and a downward spiral of labour costs and taxation in order to attract or not to drive away foreign capital. There are consequently basic changes in the *labour market* appearing in the form of deindustrialization, 'jobless growth', increasing labour mobility and flexibility, the proliferation of atypical or precarious and usually unprotected jobs, and most importantly large-scale, long-term unemployment.

The new trend entails a fundamental transformation of the former instruments of social policy. Universal solutions or access tied to citizenship should be altogether abolished as too costly, leading to so-called leakage of the taxpayers' money. Social insurance based on

5. M. Weber, *Economy and Society* (New York, 1968). Badmister quoted in: I. Wallerstein, 'Social Science and Contemporary Society', *International Sociology*, (March) 1996, 13.

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employment and contribution paid is to undergo fundamental changes so as to become more 'market-conform'. It has to be purged as much as possible from its solidaristic or redistributive components; its level and scope have to be lowered in order to make place for private insurance. The void thus created is meant to be occupied by social assistance selectively offered to the 'truly needy'. It is this process which implies the delegitimation not only of the technique, but also of the *raison d'être* of the collective protection against collective risks.

A further significant development concerns the acceptability of poverty in its absolute and relative forms. The European welfare paradigm regarded poverty as unacceptable and attempted its reduction or prevention. This was a relatively new historical development. As Mollat, a historian of poverty put it:

Considered in its usual way of understanding as deprivation, poverty was permanently present throughout the Middle Ages. Nobody ever thought about its abolition until the moment when the contemporaries of the Renaissance and the Reform started to develop a feeling of shame seeing situations unworthy of human beings⁶.

According to another historian, with 'the vast increase of wealth offered or achieved by modern technology, poverty is no longer widely accepted as inevitable or desirable, and its abolition is widely advocated'⁷.

In the new paradigm poverty, even poverty in the midst of plenty, is no more considered a scandal. Unemployment, poverty and other social plights are re-accepted as 'natural', as belonging to the 'human condition'. Hence they are perceived as impossible to be radically reduced by public efforts. This reversal of the attitude of politics towards poverty holds true even if a 'minimum safety net' is emphatically put on the agenda. A minimum safety net may, at best, prevent starving even though a safety net without holes is probably a rare animal. However, it institutionalizes the feeling that poverty has become 'normal'. Of course this is not an argument against a safety net if everything else fails, it just points to its inadequacy.

Another consequence is the fragmentation or atomization of the citizenry. The escalation of social assistance represents a clear case in point. The former beneficiaries — citizens at large or insured persons — constituted collective categories. By contrast the 'truly needy' — who are easily and with increasing frequency becoming the deserving 'truly needy' — are just a disjointed set of individuals. Surely, the probability

6. M. Mollat, *Les Pauvres au Moyen Age*. (France, Hachette, 1978), p. 9.

7. E.J. Hobsbawm, 'Poverty' in: D.L. Sills, (ed.) *The International Encyclopedia of the Social Sciences* (Macmillan and Free Press, 1968), Vol. 12, p. 401.

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of the self-organization of the scattered and more and more fragmented poor is slim.

Fragmentation may also entail group conflicts around scarce resources. The generational conflict is a case in point. The practically ubiquitous process of ageing requires some remodelling of the pension system. This may be done in many different ways. However it has been suggested almost fifteen years ago that 'the social security system was becoming increasingly generous to older people while adopting a more severe attitude towards... welfare payments for children'⁸. Thus the problem was cast in a way suggesting not that children are too badly treated but that older people are too well treated. The idea that there could be a trade-off only between these two groups was taken up ten years later in the case of the transition countries. Commenting on the poverty of children in Central Eastern Europe a World Bank expert said: 'I tell people in Eastern Europe that their pension policy is impoverishing their children. The demands of pensioners are taking food out of the mouths of working people's children'⁹. Let me add that pensioners may not be the main losers of the transition — but they are among the losers. These comments ignore the fact that citizens in general are still very much in favour of solidarity with older people¹⁰.

A major development is a general onslaught on social rights argued for by many advocates of the new model¹¹. The withdrawal of statutory social rights is a powerful instrument particularly if and when the idea of 'the rule of law' is emphasized. The new cult of individual responsibility is not yet reality. It is a threat, but the number and strength of its advocates appears to be growing. We do not know as yet what its future impact will be, but the outcome may not be fully predetermined. That is why it is important to know more about existing and potential countervailing forces.

8. S.H. Preston, 'Children and the elderly: divergent paths for America's dependents', *Demography* 21, 1984, 435-57, quoted in: P. Johnson and J. Falkingham *Ageing and Economic Welfare*, (London and New Delhi, Sage Publications, 1992).

9. *The Economist*, 16 December 1995.

10. A. Walker, (ed.) *The New Generational Contract. Intergenerational relations, old age and welfare*, (London, UCL Press Ltd, 1996) and the results of the European Observatory on Ageing on this issue.

11. For instance C. Sunstein, *Against Positive Rights*, Manuscript, (Budapest, CEU, 1994).

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The Impact of the New Paradigm in the European Union: inroads or fundamental reversal?

Controversial Facts

The impact of the paradigmatic change leads almost inevitably to the retraction of the welfare institution and the weakening of social security in the countries of the European Union. However, the picture is blurred.

Economic growth has slowed down since the 1960s but resources have remained plentiful even in the Union¹². Meanwhile, in quite a few countries — in 11 out of 13 figuring in the *Inquiry into Income and Wealth*¹³ and in 7 out of 10 OECD countries¹⁴ — the distribution of resources seems to have increased, sometimes significantly, during the 1980s. However, despite strong rhetoric to the contrary, social expenditures did not shrink. No doubt the former massive increase of social expenditure was slowed down or sometimes stopped after the mid-1970s but there was no significant cutback in any of the OECD countries¹⁵. In fact public expenditure as a percentage of GDP was 37.1 in 1980, 39.1 in 1990, and 42 in 1993. Social expenditure went up between 1980 and 1990 from 19.6 to 21.5 per cent. There was perhaps some convergence because, for instance, there was a slight decrease in high-spending Germany and a spectacular increase in low-spender Greece, but in most countries the absolute value of social expenditures increased. The stability or increase of expenditures does not mean overall improvement, on the contrary. Needs have increased with lasting unemployment and the growth of the number of single-parent, usually female-headed households, but the level and quality of provisions have as a rule deteriorated. Also, many countries started trimming existing

12. World Development Report, 'Investing in Health. World Development Indicators. Crisis in Mortality, Health and Nutrition', (The International Bank for Reconstruction and Development - The World Bank, New York, Oxford University Press, 1993); World Development Report *From Plan to Market*, (The International Bank for Reconstruction and Development - The World Bank, New York, Oxford University Press, 1996).
13. Joseph Rowntree Foundation, *Inquiry into Income and Wealth*, Vol. I. II. (chaired by Sir Peter Barclay), (York, JRF, 1995).
14. A.B. Atkinson, L. Rainwater, T.M. Smeeding, *Income Distribution in OECD Countries. Evidence from the Luxembourg Income Study* (Paris, OECD, 1995).
15. OECD data quoted and analysed in: M. Hill, *Social Policy: A comparative analysis*, (London, Prentice Hall/Harvester Wheatsheaf, 1996), and in: V. George, P. Taylor-Gooby *European Welfare Policy. Squaring the Welfare Circle*, (London, Macmillan Press Ltd, 1996), p. 10.