 

**Recasting the Welfare State 20 years later**

Anton Hemerijck and Bruno Palier

The welfare state is perhaps the most successful feat of mid-twentieth-century social engineering. Since the Second World War, West-European welfare states virtually eradicated old-age poverty, provided universal access to health care and education, and established social security in the cases of unemployment and sickness as a matter of social citizenship right. Over the long-term, European welfare states have been hard pressed to reform, tiggred by intrusive economic crises, but also by more slow-burning trends of demographic ageing, deindustrialization, the rise of the service sector, the feminization of the labour market, economic internationalization and European Union market integration, technological change, and intensified migration. Throughout, a startling feature of the post-war welfare state, confronted with so many challenges over time, constitutes its very resilience. Public spending on social protection, health and education, today, in the aftermath of the Great Recession, matches the levels already achieved in the 1980s in the wake of the Stagflation crisis of the 1970s. In the interim, numerous arguments have been tabled over the impending demise of the welfare state, on account of fiscal crises, income and labour market distortions, cultural contradictions and rising old-age dependency ratios. But the welfare state survived and seems here to stay.

Rather unsurprisingly, explaining the staying power of the welfare state became a favorite pastime in comparative research since the 1990s, spearheaded by the seminal work of Paul Pierson on ‘irresistible forces’ being deflected by ‘immovable objects’ in an age of ‘permanent austerity’. But is institutional resilience merely about a frozen status quo? Constant aggregate spending can hide a significant reallocations between the programs that make up the modern welfare state. By the same token, stable coverage rates is a poor indicator of performance, when it comes to employment, relative poverty or inequality (including gender or generational inequalities). Over time, surely, certain social risks intensify for particular groups while others subside for more other population cohorts. Moreover, commonly used income measures,  such as as pre- and post-transfer equivalised disposable income, are of little help in assessing the long-term impact of in-kind welfare service provision, such as family support, health and education, when family demograpy changes over from the single male breadwinner model to more gender-balanced dual earner households.

In the new millennium, consequently, the academic focus in comparative welfare state research decidevely shifted from change-resistant welfare states to an improved understandings of how welfare states in effect do change and in what direction. Welfare reform is difficult, but it happens. As post-industrial change reconfigures the nature of social risks, life chances are modified, potentially raising augmented political pressures to reform policy repertoires. Arguably, in a context of already well-established welfare states, policy change takes place in a path-dependent fashion, privileging gradual, potentially cumulatively transformative, modification in a series drawn-out increments, rather than through a more ruptured institutional overhaul. Structural changes in capitalism, emergence of new economic paradigms, ageing and changes in gender roles, as well as the proliferation of ‘new’ social risks of working poverty, job instability, long-term unemployment, skill-depletion, single parenting, and work-life strain, alongside ‘old’ mainstay social risks of cyclical unemployment, sickness and old age, have inescapably urged policy makers to embark on welfare reform trajectories, starting already in the 1990s, to adapt their welfare system to the new post-industrial economic and social environment. The timing, scope and intrusiveness of welfare reform across OECD countries have varied widely. In some cases, social reform has been accompanied by deep social conflicts, while in other instances unpopular reform ultimately received broad consent. In some countries, the direction of welfare reform has been more proactive with extension of novel programs to accommodate citizens (both men and women) to the new realities of 21st century knowledge economies and ageing societies, whereas in others social reform has not reached far beyond the retrenchments necessary to abide by the macroeconomic requirements of balanced budgets and hard currencies.

In hindsight, it is fair to say that the 1998-1999 European Forum on *Recasting the Welfare State*, masterminded by Maurizio Ferrera and Martin Rhodes at the European University Institute (EUI), was the breeding ground of the U-turn in comparative welfare state research from explaning institutional inertia per se to a more nuanced research agenda of explaining variegated patterns and trajectories of welfare state change in times of intense socioeconomic restructuring. The ‘recasting’ metaphor was carefully chosen by Ferrera and Rhodes so as to capture the institutionally bounded nature of the reform momentum, leading to patchwork mixes of old and new policies on the lookout for greater coherence. Ever since, the menu of reform metaphors has expanded to ‘reconfiguring’, ‘redesigning’, ‘rescaling’, and ‘recalibration’. And today, the latter concept of welfare recalibration is in use the most. The very notion of welfare recalibration, it is important to remember, was in effect first introduced at the 1998-1999 European Forum by Jonathan Zeitlin on account of a discussion between Paul Pierson, then at Harvard University, and Anton Hemerijck, at that time visiting the Max Planck Institute for the Study of Societies in Cologne. Even more striking is that the concept of welfare recalibration has subsequently found inroads in various policy arenas, especially on the level of the European Union. After 1998, quite a few scholars from the European Forum have been advising behind scenes, from the Lisbon Agenda to various member-state EU Presidencies, all the way up until the 2013 Social Investment Package and the 2017 European Pillar of Social Rights, thereby generating an ‘epistemic community’ *avant la lettre*.

The intellectual enagement among the scholars, mostly political scientists and sociologists, academic visitors and, on occasion, also policy makers, coming together at the EUI Schuman Centre in San Domenico over the academic year 1998-1999, benefitted enormously from the common language of welfare regimes, inspired of course by landmark contribution of Gøsta Esping-Andersen, and its discussions by “feminist” scholars, but also in terms of a theoretical approach of (actor-centered) political institutionalism, advanced by scholars, such as Peter Hall in the US and Fritz Scharpf and Renate Mayntz from Germany. During this forum, gender-awareness has also spread through the welfare state research community. These background conditions made for an extremely rich exchange of thought, out of which numerous landmark publications materialized, some emphasizing the endogenous nature of the new gendered social risks in ageing post-industrial societies, while others underscoring the external challenges coming from economic internationalization, EU (European Union) market integration, and rapid technological change. In terms of the observed vectors of welfare state change, some of the contributors in the European Forum veered towards downplaying the transformative nature of reform in publications, while others found stronger evidence of policy discontinuity in reform.

On the 14th and 15th March 2019, many of the participants of the 1998-1999 European Forum reconvene at the Schuman Centre for a two-day open workshop ‘Recasting the Welfare State 20 years later’. As the organizers of the gathering we very would like, once again, steer the experience into a rich exchange of ideas, experiences and perspectives, on the past, present, and future state of comparative welfare research, with a strong focus on the perennial political truth that welfare reform continues to be difficult, but takes place despite many constraints. For this reason, we hved decided to structure the discussion around three broad themes, two anchored more in ongoing academic debates, and one confronting the real policy-making dilemma of aligining political responsiveness and government responsibility in times of intrusive socioeconomic restructuring.

1. **Looking back on past conjectures: How welfare state change?**

How do we look back on our academic contributions in terms of substantive continuity and policy change, the relative importance of the endogenous and exogenous drivers of welfare state (non-)change, and the politics behind the reform momentum? Admittedly, the academic debate about 21st century welfare provision is distinctly different in comparison to two decades ago. Attempts to explain welfare state diversity and political stalemates in retrenchment endeavours, steeped in the work of Esping-Andersen on ‘the three worlds of welfare capitalism’ and Pierson’s conjecture of the ‘new politics’ of welfare retrenchment opposition from the 1990s, have given way to new questions and understandings of transformative welfare recalibration, especially, over the past decade. What drives welfare recalibration? Which institutions, ideas, interests and power resources help reform enactment and policy delivery, and vice versa which institutional conditions inhibit transformative policy change? What impact for the entry of women into the labour market and what role for a gendered perspective? How do we account for the social fact of expanding welfare effort in the wake of the global financial crisis across the OECD area not being able to halt the unwavering rise in poverty and inequality?

What motivates political actors to pursue reform or, vice versa, decline to ponder intrusive policy change?

To what extent and how have the political boundaries of EU and domestic social and economic policy been recast on the backdrop of new conflict lines (especially across the post-crisis Eurozone)? How do variegated welfare regimes across Europe continue to struggle with reconciling the alleged trade-off equity and efficiency under post-industrial economic, social and political? Over the past decade, there have been modest but significant enhancement in active labour market policy and family services, including child care and long-term care, in many countries in the OECD area. The rise of capacitating social investment policies, the record also shows, has not really crowded-out more traditional compensating social protection. Is social investment reform, which was partially conceived at the 1998-1999 European forum, (still) the more appropriate answer to the exigencies of the 21st century competitive knowledge-based economy?

1. **The current (interdisciplinary) state of the comparative welfare state literature: How to move forward?**

Sociologists and political scientists, sometimes joined by economists, have generally been very active in welfare state research in genuinely interdisciplinary ways. However, today, at a time when the policy stakes inter-disciplinary collaboration is high, they seem to be parting ways. Political science research on the welfare state in recent years has shifted increasingly to external and internal pressures triggering dynamics of downward policy drift, understood as the erosion of social and labour rights developed during the industrial era. The rather narrow focus on liberalization and retrenchment of labour market regulation and social protection legislation, from an equally limited aspect on partisan political behaviour, inescapably fails to grasp ‘state-led’ upward welfare recalibration in the areas of family services, leave arrangements and lifelong learning in a majority of European Union welfare states. Although there recognition of an alternative trajectory of ‘embedded’ liberalisation, a term coined by Kathleen Thelen, country-specific examples are generally relegated as typically Nordic exceptions to the general partisan rule of downward ‘policy drift’, constrained by hefty outstanding welfare commitments and the ongoing prevalence of ‘blame avoidance’ politics. In sociology, on the other hand, outcomes of welfare policies continue to be assessed against the benchmarks of 20th century redistributive welfare provision: typically, *static* outcomes in terms of poverty, the gini coefficient and employment. Thus far sociological research has shied away from assessing the *dynamic* potential of welfare services to improved people’s life-chances in fulfilling their employment, social and family aspirations over the life course. In a nutshell, sociological and political science research on the welfare state seem to find themselves in a normal science *cul de sac*, epitomised by a veritable mismatch between observable welfare recalibration dynamics and prevailing theoretical approaches and methodologies steeped in outdated – squarely redistributive – conceptions of welfare provision. In the process, most worrying, sociological and political science research are turning their backs on mid-range institutional variables of multidimensional welfare interventions between demographic regularities and political behaviour, on the one hand, and the concrete politics of policy making and their intervening effect on citizen life-chances. What are today’s perpectives on welfare state research? What are the “grand questions” to be aksed?

1. **Political responsiveness and government responsibility in welfare chauvinist times**

In the aftermath of the Great Recession, European welfare states, long considered the tie that bound the capitalist economy and the democratic polity together, are (once again) under siege: globalization, deepening EU market integration, rapid technological innovation, intensified migration and financialization, together with the endogenous challenges coming from the changing nature of life-course risks in ageing post-industrial societies, conjure up important pressures for welfare state adaptation in the new hard times of economic stagnation and rising populist discontent. Partisan political competition is becoming gradually more and more conflicted between the objectives of responsiveness to voters’ demands, and the responsibility for the efficiency of the welfare state, channeling close to 40% of GDP. Ever since Peter Mair’s conception of the ‘responsiveness-responsibilty’ trade-off in the early 2000s, this predicament has become ever more relevant, with the election of Trump, Brexit, and more recently the tussle between the Italian Cinque Stelle – Lega government coalition and the European Commission over Italy’s 2019 budget. The aim of the final round of the workshop is to investigate, with experienced policy makers in midst, who in the recent past, have taken responsibility for significant welfare recalibration, the trial, tribulations and mechanisms that determine policy-makers’ ability to address the responsiveness-responsibility dilemma and to explore how governments arrive at decisions over welfare reform in the face of growing popular discontent with mainstream political forces and institutions, like the EU.

The topics sketched out above, we aspire to explore on the 14th and 15th of March 2019 at the EUI Schuman Centre in San Domenico di Fiesole outside Florence in Tuscany. To focus the debate, the three sessions will be jump-started by short interventions by one of the two of us. Based on past and current work, each participants will contribute to this collective reflection as sketched out in the following programme.

**1. Looking back on past conjectures: How welfare State Change?**

**(Thursday 14th afternoon)**

Short reflections by Martin Rhodes (on the EU), Ann Orloff (on gender), Stein Kuhnle (on the Nordics), Ana Guillen (on post-austerity conditionality), Valeria Fargion (on the EU’s external dimension), Daniel Clegg (on the development of employment-conditional social benefits).

**2. The current (interdisciplinary) state of the comparative welfare state studies: How to move forward?**

**(Friday 15th morning)**

Short reflection by Bruno Palier (growth models and welfare states), Maurizio Ferrera (on the EU), Ellen Immergut (on health care futures), Luis Moreno (on robotization), Julia Lynch (on health inequalities), Anton Hemerijck (on wellbeing returns on social investment) and Rosa Mule (on capabilities and social investment).

**Papers will be available from all the participants, but for thematic purpose of the workshop we advise short intros on the key question at play, based on written contribution, rather than traditional paper presentations! We shall take three to four interventions at the time, followed by general discussion. In between the sessions there will be a coffee-break.**

**3. Political responsiveness and government responsibility in welfare chauvinist times: How policy-makers cope? (Friday 15th afternoon)**

For the policy-making session on the responsiveness-responsibility dilemma in the shadow of rising chauvinism we have short introductions by László Andor (former Commissioner for Employment, Social Affairs and Inclusion in the Barroso II administration of the European Commission from 2010 to 2014), Jet Bussemaker (former Minister of Education, Culture and Science in the Dutch government from 2012 to 2017 under Mark Rutte) and Enrico Giovanini (former Minister of Labour and Social Affairs in the Italian government from 2013-2014 under Enrico Letta), followed a semi-structured interview with them.