

## Changing Welfare States: From distributive politics towards social crisis prevention?

2<sup>nd</sup> Term, Academic Year 2024-25

Instructors: Anton Hemerijck and Waltraud Schelkle

Thursdays, 09:00-11:00

Seminar Room: Seminar room 2, Badia Fiesolana

First Seminar Session: 9<sup>th</sup> January 2025

Last Seminar Session: 13<sup>th</sup> March 2025

This class will be held as an on-site seminar,  
online participation only in exceptional circumstances.

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### Aims

European welfare states are (once again) under intellectual and material reconstruction, in the aftermath of a series of crises and in view of predictable disruptions from the double transition of climate and technological change. National governments and the EU had to -- and will have to -- take unprecedented action to protect lives and livelihoods, while political processes are not necessarily conducive to make this happen. The openness of welfare states, especially in Europe, is both a challenge and a possible remedy. Welfare states have long been considered to be ties that bind a capitalist economy and a democratic polity together, if in different ways. They generate their own social order, more or less distinct from markets, and create communities of risk that have more less egalitarian social citizenship in their wake. Overall, the welfare state has shown resilience but these and other irritants conjure up pressures for welfare state adaptation and contestation. The diversity of European welfare states and the EU's evolving capabilities can be exploited to study their combined systemic capacity for reform and adaptation to structural change.

The course offers a comparative analysis of modern welfare state development and social reform against the background of economic, political, and social transformations. The aim is to introduce researchers to the state of the art in comparative welfare state research literature, with a special emphasis on structural change, including the feminization of the labour market, demographic aging, economic internationalization and the legacy of a systemic financial crisis and the pandemic on diverse national welfare states and EU social policy. The course aims to provide researchers with advanced knowledge in the basic institutions underlying modern welfare states and explaining their variation over time. Furthermore, the course provides skills in comparative cross-national and European welfare policy analysis, with special attention given to competing theories on welfare state change and continuity in terms of their theoretical and methodological strengths and weaknesses.

In the first part, the seminar aims to provide researchers with advanced knowledge of debates that motivated welfare state research before the long crisis decade since 2008 and to revisit these in the light of recent events. We will look at the comparative evidence and discuss the evidence on how national welfare systems have performed, what major external interventions like Troika programmes have done and whether welfare states have recovered, reformed and perhaps, in the process, become more preventative in their approach to social risks. Each time we ask, what are the political drivers and actors to outcomes of interest. In the second part, the focus of the sessions will shift to state-of-the-art approaches in welfare state research, ranging from electoral studies on the popularity of welfare provisions, the spatial dimension of the welfare state when looking at places and communities left behind, as well as analyses that see the middle-class welfare state or promoting social investment as the way out of the scarring that crises inflicted. This prepares the final session in which we debate whether welfare states need to get ready for continuous social crisis prevention, given the reality of climate change but also the political fallout of repeated social crises that lead to political polarisation and arguably jeopardises democracy.

Each of the seminars is led by one or two participants on the basis of pre-discussions with the course convener responsible for the session.

## Overview of sessions

1. Welfare state regimes: staying power of an analytical lens and the difficulty of letting go? Anton Hemerijck (AH) and Waltraud Schelkle (WS)
2. Welfare state transformations: back to the future? (WS)
3. Welfare performance in the wake of the Great Recession (AH)
4. From the austerity reflex to the search for resilience (AH)
5. Is social investment still the answer? (AH)
6. The electoral turn in welfare state politics (WS)
7. Spatial inequality and populism in places left behind (WS)
8. The knowledge economy and the meritocratic middle-class welfare state (WS)
9. Beveridge's five giants in hindsight (AH)
10. Debate: Beyond distributive politics towards social crisis prevention?

## Objectives

Researchers who have successfully completed this course should be able to:

- Make clear and concise oral presentations on the basis of serious reading and looking up relevant data where appropriate. Learn to lead the seminar discussion and summarise the results of a two hour long debate.
- Design and write briefing paper on the multidimensional politics of welfare and its transformations for at least one week.
- The course will provide researchers with the conceptual and empirical background information to explain welfare state performance in very hard times that may become permanent.

To successfully complete the course, participants have to attend in person, volunteer to lead at least one of the sessions with another participant, and write one briefing paper.

## Detailed overview of sessions

### **Session 1: Welfare regimes. The staying-power of an analytical lens and the difficulty of letting go?**

Classification of countries into distinct welfare regimes is common to comparative social policy research, ever since Esping-Andersen's seminal book *The Three Worlds of Welfare Capitalism* (1990). Countries belonging to different welfare regimes are expected to react differently to similar challenges due to persisting differences in the relative balance between the state, the market, and the family. Thus, the principal expectation of the regime theory is that of continued diversity across welfare regimes. In this session, we revisit Esping-Andersen's typology of welfare 'regimes' and discuss whether too strong a focus on path-dependent regime classification clouds contemporary understanding of ongoing welfare state transformation in response to mounting challenges, especially the Great Recession and the Covid-19 pandemic. The central processes of (de-)commodification and stratification in E-A's typology may give us a clue on why the reification of welfare state regimes is unhelpful in understanding welfare state transformations. We then look at more recent contributions in comparative social policy research, that somehow question the relevance of welfare regime theory.

#### Readings:

- Esping-Andersen, G. (1990). *The Three Worlds of Welfare Capitalism*. Cambridge: Polity Press. Chapters 9.
- Esping-Andersen, G. (1999). *Social Foundations of Post-industrial Economies*. Oxford: Oxford University Press. Chapter 5: 'Comparative Welfare Regimes Re-examined'.
- Esping-Andersen G. The Return of the Family. In: Beramendi P, Häusermann S, Kitschelt H, Kriesi H, eds. *The Politics of Advanced Capitalism*. Cambridge University Press; 2015:157-176.
- Daly, M., and E. Ferragina (2022). Welfare state change as a double movement: Four decades of retrenchment and expansion in compensatory and employment-oriented policies across 21 high-income countries. *Social Policy and Administration*, 2022, doi: 10.1111/spol.12789.
- Ferragina, E. (2024), The 'two lives' of Esping-Andersen and the revival of a research programme: Gender equality, employment and redistribution in contemporary social policy. *Social Policy and Administration*, 2024, 10.1111/spol.13029.

### **Session 2: Welfare state transformations: back to the future?** (responsible convener: WS)

The Western welfare state as it evolved in the 20<sup>th</sup> century provides a fairly comprehensive system of safety nets across the entire life course of citizens, from early child care and education to old age security. This system goes beyond providing transfers for redistribution and insurance. It reaches into the regulation of professional qualifications for those providing social services, standard setting and public interest obligations of private providers and statutory minimum wage legislation. Last but not least, the financing of the welfare state encompasses progressive income taxation, social insurance schemes and co-payments for social services like health care. While the modern welfare state is impressive in its potential reach and its actual achievements, this session will take a look at two major trends in light of the old challenges that the welfare state was meant to ameliorate: poverty and inequality.

There is first the rise of income and wealth inequality at the top that was popularized by a social science bestseller, Thomas Piketty's *Capital in the Twenty-First Century*. It has led to a situation in which a young person today might consider whether they should undergo professional training for a job or put their efforts into marrying the child of rich parents, a choice for which the precedent is the education sentimentale of main characters in 19<sup>th</sup> century novels.

Another trend is the re-emergence of working poverty and the casual work in the supposedly most advanced sectors of the economy where digitalisation has raised productivity of services. The euphemism of gig work has given way to more accurate terms such as platform work and fake self-employment: transport services and food delivery are the visible manifestations so many of us use. The chauffeur and butler of yesteryear had a relatively dignified existence by comparison. Other such manifestations are workers in Amazon warehouses who have every step tracked by digital devices in order to intensify their work effort. Finally, monotonous and degrading work is the essential input for generating digital services. Offshore tech workers tag and check the scripts that produce well-functioning websites or monitor violent, pornographic and hateful content on social media. They work in isolation for hours on end, often with devastating mental health consequences. These are 21<sup>st</sup> century socio-economic trends that have their predecessors in the 19<sup>th</sup> century. A question throughout this course will be to what extent the welfare state has simply not been able to tackle poverty and inequality in new guises or whether its middle class orientation has de facto led to a blind spot for these core concerns of welfare systems.

#### Readings:

- Piketty, Thomas (2014), *Capital in the twenty-first century : the dynamics of inequality, wealth, and growth*, translated by Arthur Goldhammer (Cambridge Massachusetts: The Belknap Press of Harvard University Press), ch.3: The Metamorphoses of Capital, pp.141-172.  
For a short introduction of its main message, see the master himself on Youtube (2014): <https://www.youtube.com/watch?v=JKsHhXwqDqM>
- *Piketty Symposium* (2014), British Journal of Sociology 65(4), December (particularly recommended for our seminar are the contributions by Atkinson and Hopkin)
- Thinking Allowed podcast (2024). 'Tech workers', BBC Sounds, 5 November (URL: <https://www.bbc.co.uk/programmes/boo6qy05/episodes/downloads>)
- Stanford, Jim (2017), 'The resurgence of gig work: Historical and theoretical perspectives', *The Economic and Labour Relations Review*, 28 (3), 382-401.

### **Session 3: Welfare performance in the wake of the Great Recession** (responsible convenor: AH)

Three important conjectures have been advanced about the relationship between welfare efforts and socioeconomic performance. In the mid-1970s, the American economist Arthur Okun was the first to formulate what he called, a 'big trade-off' between equality and efficiency (Okun, 1975). By the late 1990s the political economists Torben Iversen and Ann Wren conceptualized that advanced welfare states were not so much confronted with an inescapable 'trade-off' between equality and efficiency but rather faced with the tragedy of what they coined the 'trilemma of the social service economy' (Iversen and Wren, 1998). The gist of it is that with the shift from an industrial to a service economy, in the shadow of accelerating economic internationalization, it has become inherently more difficult for welfare states simultaneously to attain the triple goals of budgetary restraint, earnings equality, and job growth. Government may pursue any two of these goals but no longer all three at the same time. Since the early 2000s, expert academics, notably Esping-Andersen and Hemerijck, have started to rethink the interaction between economic progress and social policy: from 'trade-offs' and 'trilemmas' to Pareto-optimal 'mutual reinforcements' and synergies in even Rawlsian terms of benefiting the worst off (Esping-Andersen et al., 2002; Hemerijck, 2013). The literature for this session surveys the connection between economic performance and social policy provision, looking at a set of economic and social indicators from different perspectives, comparing performance in 2007, just before the onslaught of the global financial crisis, and 2019, just before the outbreak of the pandemic, in terms of macroeconomic performance, employment rates, gender gaps, educational attainment, adult skills, fertility, health, life satisfaction, taxation, social spending, income inequality, and poverty, in relations to the 'carrying capacity' of the welfare state, understood in terms of the contribution of employment participation and productivity trends to the fiscal sustainability of mature welfare states. The overall aim of this overview is to provide empirical answers to whether or not the Great Recession was plagued by a 'big' trade-off

between economic efficiency and social equality. Has it become progressively more difficult to match fiscal discipline, high employment, and redistributive justice in the knowledge-based, service economy?

Readings:

- Hemerijck, A., and M. Matsaganis (2024), *Who's Afraid of the Welfare State Now?*, Oxford University Press, chapters 3 & 4.
- Additional chapter from the manuscript *Governing the Welfare Commons*, edited by Anton Hemerijck and David Bokhorst, to be published with Oxford in 2025, as additional background reading.

#### **Session 4: From the austerity reflex to the search for resilience (AH)**

For this session, we shift our attention from aggregate welfare performance to examining social reform waves that have swept across Europe in the wake of the Great Recession and the Covid-19 pandemic. Unsurprisingly, the overall scope of social reform varied widely. The literature for this session delves first into the proficiency of social-protection buffers, before turning to a more qualitative comparative analysis across twelve countries. The Great Recession and the Covid-19 pandemic affected different welfare states differently, reflecting their relative vulnerability to shocks and variegated institutional capacities to mobilize under duress. We take stock of a wider array of welfare-policy changes in the make-up of different welfare states in the period from 2007 to 2022. Can we discern a shift in policy focus from the traditional function of 'social protection' to more 'social investment'? To what extent have institutional, economic, and political factors (including country-specific exposure to the financial crisis and euro area membership) favoured or hindered (lifelong) stock, (gender-balanced) flow, and (inclusive) buffer welfare recalibration? Answering these questions requires a shift to qualitative methods, best-suited for tracing temporal (reform) processes behind different policy mixes and returns, rooted in a dynamic conception of causation as temporal chains of context-sensitive processes. The two qualitative chapters of the book of Hemerijck and Matsaganis emphasise the change in emphasis across time, with Chapter Five zooming in on immediate Great Recession management under the 'spell of austerity', and Chapter Six surveying comparative reform dynamics under less dire economic conditions that potentially allowed policy-makers to bring more coherence to domestic welfare provision. Overall, the two chapters bring out variegated reform dynamics.

An ever greater intellectual predicament of comparative welfare state research concerns its methodologically nationalist bent, which for member states being part of the EU single market and the currency union is practically impossible. Effectively, the internal market, economic and monetary union (EMU), and the Stability and Growth Pact (SGP) have added a new supranational layer to the domestic social- and economic-policy repertoires, turning member states into semi-sovereign welfare states. For this session, we include an analysis of the legacy of the trials and tribulation of the euro area crisis and its aftermath and also a chapter on the quiet emancipation of Social Europe in the wake of the eurozone crisis. Altogether, we observe a fundamental change in policy orientation by the mid-2010s, away from austerity at the level of domestic welfare provision, a rediscovery of macro-economic discretion in monetary and fiscal policy at the EU-level, together with a more ambitious social Europe agenda.

Readings:

- Hemerijck, A., and M. Matsaganis (2024), *Who's Afraid of the Welfare State Now?*, Oxford University Press, chapters 5, 6, and 7.
- Additional chapters from the manuscript *Governing the Welfare Commons*, edited by Anton Hemerijck and David Bokhorst, to be published with Oxford in 2025 will also be provided as background reading.

**Session 5: Is social investment still the answer? (AH)**

Many academic pundits increasingly argue that in the face of intensified demographic ageing and disruptive technological change, future economic growth will rely heavily on high levels of employment and improvements in productivity. Increased job volatility and diversification of work arrangements require ever increasing upskilling and job matching services, and the need for care–work reconciliation policies has intensified due to an increased share of women entering the labour market and changes in contemporary family structures. Social investment is often proposed as a way forward to address these new economic, social and demographic challenges. Social investment policies are regarded positively among a number of researchers, international organizations and policymakers, but have also received important criticism. On the one hand, capacitating investment in child-care, long-term care, education and training, active labour market policy, lifelong learning, paid parental leave, and family services and benefits can all contribute to employment, productivity, demographic balance, improved fertility, increased tax revenue, reduced long-term reliance on compensatory social protection policies, and lower levels of poverty. On the other hand, empirical evidence on these theorised positive effects is mixed. As underlined by a number of researchers, SI policies may benefit the middle and upper classes, sometimes at the expense of the poorer segments of the society, thus potentially increasing inequality and poverty. In addition, the distinction between social investment and other social policies is blurred, and the emphasis on employment as the ultimate goal of social policy has received criticism. This session is built around a discussion of a foundational text that G. Esping-Andersen wrote for the *Why We Need a New Welfare State* volume for OUP and more recent endorsement of the social investment perspective on the score of its promise of high levels of employment at subdued levels of inequality. In addition, specific attention is given to some of the more recent critiques of the social investment paradigm in comparative social policy analysis.

Readings:

- Esping-Andersen, G., D. Gallie, A. Hemerijck and J. Myles (2002), *Why We Need a New Welfare State*, Oxford: Oxford University Press, chapter 1.
- Cantillon, B., & Van Lancker, W. (2013). Three shortcomings from the social investment perspective. *Social Policy and Society*, 12(4), 553–564.
- Nolan, B. (2013). What use is ‘social investment’? *Journal of European Social Policy*, 23(5), 459–468.
- Vandenbroucke F and Vleminckx K (2011) Disappointing poverty trends: is the social investment state to blame? *Journal of European Social Policy* 21(5): 450–471.
- Nieuwenhuis, R. (2022). No activation without reconciliation? The interplay between ALMP and ECEC in relation to women’s employment, unemployment and inactivity in 30 OECD countries, 1985–2018. *Social Policy and Administration*, Online first. <https://doi.org/10.1111/spol.12806>
- Plavgo I and Hemerijck A (2021) The social investment litmus test: Family formation, employment and poverty. *Journal of European Social Policy* 31(3): 282–296.
- Parolin, Z., & Van Lancker, W. (2021). What a social investment ‘litmus test’ must address: A response to Plavgo and Hemerijck. *Journal of European Social Policy*, 31(3), 297–308.
- Hemerijck A and Plavgo I (2021) Measuring returns on social investment beyond here-and- now redistribution: A commentary on Parolin and Van Lancker’s response



article. *Journal of European Social Policy* 31(3): 309–320.

- Bagadirov, A., A. Hemerijck, and P. Puertas Roig, Stepping-Stone Solidarity. The Normative Foundation of the Social Investment Welfare State (forthcoming in *Acta Sociologica*)

### **Session 6: The electoral turn in welfare state politics (WS)**

The welfare state is not only a configuration of social safety nets but part of the political system that creates loyalty and allegiance of citizens. The institutionalist strand of welfare state research, starting with Esping-Andersen (1990), has not asked what citizens specifically want from the welfare state because it assumed that ‘policy shapes social politics’ and therefore preferences. An important shift in the recent literature on the welfare state has been the so-called ‘electoral turn’ in explaining (non-)reform. Scholars advocating an ‘electoral turn’ pay attention to bottom-up electoral behaviour and partisanship mobilization, steeped in quantitative public opinion survey research (and experiments) on welfare-and-work related issues, to the input side of the political process. Proponents of the ‘electoral turn’ assume parties respond in a synchronic short-term fashion, congruent to electoral preferences, harking back to the pre-institutional presumption that ‘politics creates policy’.

#### **Readings:**

- Beramendi, P. S. Häusermann, H. Kitschelt, and H. Kriesi (2015), *The Politics of Advanced Capitalism*, Cambridge: Cambridge University Press, Introduction.
- Gingrich, J., & Häusermann, S. (2015). The decline of the working-class vote, the reconfiguration of the welfare support coalition and consequences for the welfare state. *Journal of European Social Policy*, 25(1), 50-75.
- Abou-Chadhi, Tarik and Immergut, Ellen M. (2019), 'Recalibrating social protection: Electoral competition and the new partisan politics of the welfare state', *European Journal of Political Research*, 58 (2), 697-719.

### **Session 7: Spatial inequality and populism in places left behind (WS)**

Inequality is increasingly a spatial phenomenon, making for an immediate experience of invisibilised inequalities: within cities, there are rich and poor boroughs often segregated along distinctly ethnic lines; within regions, there are central and peripheral places, separating citizens along class but also occupation in declining industries and new services, respectively (see session 2). These divisions challenge the support for the nationally constituted welfare state and arguably lead to de-solidarisation. Anti-immigration parties are on the rise all over Europe and increasingly affect the stance of mainstream parties on the right and the left. We discuss whether welfare states must become more sensitive to the inequalities of place in contrast to that between people that traditional means of redistribution, such as progressive taxation, imply.

- Burgoon, Brian (2014), 'Immigration, Integration, and Support for Redistribution in Europe', *World Politics*, 66 (3), 365-405.
- Rodríguez-Pose, Andrés, Terrero-Dávila, Javier, and Lee, Neil (2023), 'Left-behind versus unequal places: interpersonal inequality, economic decline and the rise of populism in the USA and Europe', *Journal of Economic Geography*, 23 (5), 951-77.

### **Session 8: The knowledge economy and the meritocratic middle-class welfare state (WS)**

The knowledge-based economy is one in which growth is powered by technological advances that in turn require highly skilled workers. We have already discussed in the second session that a high-tech driven economy with an educated workforce does not necessarily benefit everybody in such economies and not all those who are in the workforce. Those who are ‘feeding the machine’ are also paradoxically subjugated by it: the better the machine becomes, the more it will subjugate its human feeders. It also means that those who need protection and social benefits related to their employment are outside the jurisdiction of advanced capitalist

democracies in which most of the value added eventually ends up: the relatively skilled tech workers in the Global South are slightly better off but do work that takes a heavy human toll. What about the knowledge economy itself? How does it distribute the gains from technological advancements? There is a relatively optimistic story that is based on the immobility of high-tech firms and the mobility of high-tech workers, which in advanced democracies requires firms and governments to provide benefits and public goods that benefit more people than just the knowledge workers. There is no fundamental tension between the expanding knowledge economy, openness and welfare democracy, on the contrary, they reinforce each other. A less optimistic story points out that rising inequality in the knowledge economy strengthens, paradoxically, the belief in meritocracy. Again, the political consequence is not populism and authoritarianism but declining support for the welfare state. We will discuss what makes for such radically different perspectives.

- Iversen, Torben and Soskice, David W. (2019), *Democracy and prosperity : reinventing capitalism through a turbulent century* (Lawrenceville: Princeton University Press), ch.1 (4 and 5 if you can)
- Mijs, Jonathan J. B. (2021), 'The paradox of inequality: income inequality and belief in meritocracy go hand in hand', *Socio-economic review*, 19 (1), 7-35.
- Muldoon, James, Graham, Mark, and Cant, Callum (2024), *Feeding the machine: the hidden human labour powering AI* (Edinburgh: Canongate), ch.1 (pp.1-20)

### **Session 9: Beveridge's five giants in hindsight**

Towards the end of World War II, William H. Beveridge, the founding father of the notion of the welfare state, reflected on how to tackle the 'Five Great Evils of Want, Disease, Ignorance, Squalor, and Idleness' in his second important report *Full Employment in a Free Society* (1944). Overall, Beveridge was optimistic on the road ahead. Looking back on his mid-20<sup>th</sup> work from our epoch of the first quarter of the 21<sup>st</sup> century, could be productive in assessing socio-economic progress, but also promises that proved difficult to sustain, and blind spots in past conceptions of welfare progress.

#### **Readings:**

- Beveridge, W.H. (1944), *Full Employment in a Free Society*, Allen & Unwin: Routledge, chapter 7.
- Hemerijck, A., and M. Matsaganis (2024), *Who's Afraid of the Welfare State Now?*, Oxford University Press, chapters 2, 8 and 9.

### **Session 10: Debate: Beyond distributive politics towards social crisis prevention?**

How can nationally constituted welfare states prevent social crises that will become a permanent threat if climate change and environmental degradation proceeds beyond relatively manageable levels? The amount of adaptation required to achieve this is truly mind-boggling and the podcast below gives you some idea – when we still had four years more to achieve it by 2030 and the COP meetings were not yet hijacked by fuel interests. Based on the readings, we will discuss how the welfare state could stop being itself a source of climate change and help to prevent social crises in the wake of dampened economic growth. Concrete ideas are universal basic income (UBI) and universal basic services (UBS), presumably moving from dampening inequality to ensuring a minimum living standard for everybody. What kind of politics would allow to achieve this? Does it mean to abandon distributive politics or is it synonymous with more radical distributive politics?

#### **Readings:**

- Murphy, Mary P. and McGann, Michael (2022), 'Introduction: Towards a Sustainable Welfare State', *Social Policy and Society*, 21 (3), 439-46.  
Please read this introduction that summarises the following six articles in this themed section. Please choose two of the six articles, depending on your interest, and prepare a discussion contribution of one page.
- Costing the earth podcast (2021), 'How to halve emissions by 2030' BBC Sounds 2<sup>nd</sup> March (URL: <https://www.bbc.co.uk/sounds/play/m00osqlc>)