Pacts & the Politics of Welfare States
Some European Experiences

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The European Welfare State

• Europe became, from late 19th century, the centre of organized labour & of class politics in the capitalist world, deriving from the European route to Modernity and from particularly successful & comprehensive industrialization.

• The European welfare state is an outcome of fear of the workingclass and of the strength of it.

• It was enveloped in different hegemonic ideologies
  – Conservative-Christian in Central Europé
  – Liberal in the UK
  – Social Democratic in the Nordic countries
  – Communist, then anti-Communist in the East
  – Fascist, then post-Fascist secularized familism in the South
Social Pacts in European Social History

I.

- The launch of welfare states owed nothing to social pacting
- The 1930s saw the breakthrough
  - Labour-Farmer crisis alliances in the Nordic countries: crisis policies
  - Capital-Labour agreements on industrial relations, Sweden, Switzerland
  - Failed last minute attempt of "Quer-Front" in Weimar Germany, from the trade unions to parts of the Nazis & the army
Social Pacts in European Social History II.

• Post-WWII democratic corporatism
  – A feature of Conservative-Christian welfare states, most elaborated in
    – Austria
    – Netherlands

• Non-existent or non-important in welfare state establishments and developments, in Liberal, Social Democratic, Communist, and semi-Fascist Europe

• Not important in the expansion period of the 1960s-1970s
  – Major political conflict on pension expansion in Sweden
III. Pacts of Market Adaptation

• Germany: Alliance for Jobs, Hartz Commission (early 2000s)
• Sweden: Pensions agreement (1991-98), failed Jobs pact in 2013
• Minor agreements in several other countries, but not in Belgium, Greece, UK, marginal in Italy
• Driven by professional experts, elite accords without any social roots – unlike the Nordic pacts of the 1930s
Success and Failure

• Major success: Netherlands, re-orienting social policy towards more (part-time) employment, including social services, away from ”welfare without work”

• Important success: Swedish pensions of 1990s, consensual economic & demographic adaptation

• Failed efforts: Belgium, Germany, where also politically self-defeating, though helpful for employment in 2008-10 crisis

• Mixed and/or marginal outcomes: rest of EU
Reasons for Success/Failure

• Netherlands
  – Well-established corporatist institutions & negotiations; permanent coalition politics; strong technocratic political culture; government option of wage imposition. Implementation pact added.

• Sweden
  – Strong technocratic political culture; both government & opposition wanted, for historical reasons, to avoid open conflict about pension retrenchment; unions left on the margin but with strong loyalty to Social Democracy. Implementation pact added.

• Germany
  – Short-term politicking from intense electoral rivalry between the 2 main parties; in the boom, unions were offered little for significant concessions; no government power of threatening wage imposition; basic trade union political autonomy. Enforced implementation, strong backlash
IV. Imposition of Austerity - & After

- 2008- crisis without any social pacting response
  - Except for adaptive, state-supported labour market agreements, esp. In Germany & Netherlands, but also in Austria & Sweden: wage cuts for employment maintenance
  "Fiscal pact" of deficit reduction instead of a social; Merkel proposal of "competitiveness pact"
- No significance of EU "Social Dialogue"
- IMF into Western Europe with the EU Commission & European Central Bank: the Troika; Southern European protests against Troika dictats
- Post-austerity examples: German family policy changes being prepared in secret; French school week change without any consultation; Dutch union members against new pact of downsizing; current Danish strife about new socio-economic package proposal.
Groundings of “Social Pacts”

• Actors Set
  – 2 or small number, independent of each other, of non-negligible size & power, net necessarily equal
  – Compromise capacity: leadership, unity

• Actor Relations
  – Some basic trust or third party guarantee

• Situations
  – Crises (threats)
  – Stalemates in relations of force

• Issues
  – Mutual recognition of possible positive sum game
  – All sides must gain & concede something
Why the European Welfare State is Irreversible

• Because of democratic politics, not because of pacting

• Main beneficiaries are the elderly population, receivers of pensions, health care, & in some countries social care – and frequent voters

• Even in the US, attacks on Social Security & Medicare carry grave political risks
Some European Conclusions

• Neither the launching nor the post-WWII expansion of European welfare states derived from social pacting. But the Nordic pacts of the 1930s opened a new inclusive social space, & expansion in continental Western Europe was embedded in corporatism & permanent coalition politics, esp. In Austria & Netherlands.

• Explicit pacts for ”more inclusive social protection” seem to be unknown in Europe

• Recent pacts have mainly been about wage restraint for employment maintenance, secondly for retrenchment of social protection

• A new European perspective on social policy, as ”social investment”, in the health, education, working capacity, & sense of security of the whole population may offer reasons for more progressive & inclusive pacting