

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 Europe
 - 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

- Netherlands: Wassenaar Accord (1982),
Buurmeijer Commission (1993)
- 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

