'Blairism' – A Beacon for Europe?

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Round Table discussion on the future of the European welfare states

A seminar jointly organised by the London School of Economics, the New Statesman and the Finnish Institute in London, 29 May 1998

Edited by

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"We are free to build that model 21st Century nation, to become that *beacon to the world*.

... We will not be that beacon to the world in the year 2005 with a welfare state built for the very different world of 1945."

– Tony Blair in Brighton, 1997

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Preface

It is almost exactly two years ago, 29 May 1998, when the Round Table seminar 'Blairism' – A Beacon for Europe? took place at the Finnish Institute in Holborn, London. The seminar which is reported in this book was jointly organised by the London School of Economics, the *New Statesman* and the Finnish Institute in London. Hence our thanks go to Howard Machin (LSE), Ian Hargreaves, the then editor of the *New Statesman* and the chair of our seminar, and Henrik Stenius, the then Director of the Finnish Institute.

Special thanks are due to all the participants, whose contributions have been published here. Their names are listed at the end of this book. The round table discussion was recorded and afterwards transcribed. Many of the contributors also corrected the transcriptions where necessary. As the recording of Gerald Holtham's oral comment was qualitatively so poor that it could not be transcribed, we have included instead another contribution of his (from Nexus Online) with his permission.

Finally we wish to extend our thanks to Anthony Giddens for taking time from his busy schedule to give a

keynote talk – altough he had to leave before the discussion. Unfortunately Giddens found his contribution "not good enough" to be published anywhere. He kindly offered us a chapter from his then brand new book *The Third Way* for publication. However, as Giddens' book is easily accessible for readers, we thought it did not make sense to publish one of its chapters here again.

We regret the belated publishing of this book due to technical problems. We feel that although the Third Way has been a much debated topic during the last two years, the contributions included in this book add a new critical perspective, from the Nordic countries in particular, not too well known elsewhere. As one indication of this, Giddens in his latest book *The Third Way and its Critics* (Polity, 2000) discusses Erkki Tuomioja's critical contribution.

Helsinki – London, June 2000

The editors

Part 1 KEYNOTE SPEECHES

Chair's Opening Remarks

Ian Hargreaves

This is a meeting with primarily Finnish people and British people to talk about European politics. The first thought, if I'm honest, that went through my mind was how little I know of Finnish politics. So, from the point of view of those of us who don't know about Finnish politics, this is a very interesting opportunity. But it's an opportunity that's also made much more important and relevant by the fact that all of the things we see happening in the European Union is that all sorts of interesting things are happening on the outer ring of the European Union in terms of political formation, in terms of economic development, in terms of relative appetite for adherence to the main projects of the Union itself. In Britain we've been used to living with the idea that Ireland is an unimpressive economy which is a rather poor colonial cousin of rich Britain over here. That's certainly a story which we have to understand and see turn around.

So when we talk about Blairism as a beacon for Europe,

I don't think that anybody involved in this discussion should think that certainly the British participants are likely really to see it that way in any very crude sense. Blair himself has got a fantastic appetite for slogans. These slogans are mostly tempting to plug into ancient mediaeval myth of good and evil. And the idea of a beacon – Britain as a beacon – I think surfaced in his party conference speech of last year. But in the average party conference speech Blair launches at least four completely new sound bites which are designed to get a reaction. Some of them you never hear of again. And I have to say that this is not one that one has heard a great deal of in British political discourse since it was so triumphantly put about. Although it's worth remembering that when Blair... I do recall the speech, what Blair said about Britain being a beacon, I think it was very much him attempting to say that Britain is no longer clearly an imperial power of any sort, it was about saying Britain can't achieve much influence by chucking its weight about any more, if we can put it that way, because the Labour Party says that you have to wear the Union Jack and have a bulldog by your side, but it was a very definite attempt to say this is part of Britain coming to terms with its relative size in the world, its relative importance in the world. But that didn't have to stop Britain wanting to be excellent, to achieve excellence. And it seems to me from my knowledge of the Nordic countries which I confess to be limited but not non-existent that there would indeed be a great deal of value in Britain

understanding better what has gone on and what is going on in the Nordic countries. It's interesting that there is quite a lot of interest in New Labour in looking at the Netherlands, for example, another relatively small European country. And the prejudice against the Nordic countries – and I think it's not false to say that there is a bit of a prejudice – we know where that comes from, it comes from the fact that the Nordic countries are regarded as 'large state' countries and there is not interest in a 'large state' model of the future.

Ian Hargraves, the then editor of the New Statesman, *is now professor of Journalism at the University of Cardiff.*

The European Welfare State and Britain's Social Options

Göran Therborn

Social politics in the UK and on the Western European continent still run on very different tracks. To some extent, they always have, but the width of the social Channel has varied over time. The Thatcher regime had no equivalent in Europe and widened the gap considerably. A major question about Blairism, then, is whether Britain will now re-orient itself in a European direction or go for a continuation of the Reagan-Thatcher era. So far, the signs seem to be that Blair and the Blairites prefer American and other Anglo-Saxon right-wing liberals to European Social Democrats, or even European Christian Democrats and other right-of-centre forces. This appears to be the meaning, so far, of the teaming up with Clinton in support of a "Third Way" as an alternative to the Socialist International.

Whereas its constitutional and cultural dynamism is impressive, in its knee-jerk support of every US foreign policy intervention, and in its socio-economic assumptions,

"New Labour" is (so far) amazingly similar to Yesterday's Right, with a smile and a pop image added. The upper middle-class (aspiring and actual) is the dynamic heart of the nation, which has to be pampered above all, and its fiscal fears always catered to. Inequality is basically a good thing. Trade unions are bad. While unavoidable, the welfare state is basically flawed. The most important social issue is not that many people are elderly and frail, infirm or in bad health, poor or unemployed, but that social entitlements are too big and often perverse. The main approach to the problem of unemployment should be economic coercion vis-à-vis employees and low-wage-cum-low-rights incentives to employers.

The difference between this still lingering legacy of Thatcherism and European perspectives came out very clearly in the autumn 1998 electoral campaigns in Germany and Sweden. Gerhard Schröder claimed to speak for a "New Centre", but his message centred on "social justice", on a non-coercive approach to the unemployment question and to restoring relatively minor social cuts and tax regressions made by the Christian Democratic-Liberal coalition. German Christian Democracy remains committed to a strong welfare state, and Kohl, for his part, based his campaign on his record of national and European statesmanship. In Sweden, the Social Democrats promised more social spending, but had great difficulties with the electorate's mistrust, after a period of severe social cuts, in spite of the latter having later been largely restored. Instead,

the ex-Communist Left party had its best election ever, emerging as the third party in a multiparty parliament, while on the right it was the Christian Democrats who had a good election.

Short-term electoral politics aside, the continental Western European welfare state has foundations, experiences, and problems, which will be of some relevance to the ongoing British discussion.

Ten Theses on the European Welfare State

1. The modern welfare state is built around, and for the purpose of, a set of rights. In the social field, as in others, an extension of rights means more freedom, and a restriction of rights, less freedom.

2. An extensive system of publicly recognised social rights, a welfare state is an outcome of the specific European road to and through modernity, and as such a major part of contemporary European identity, and one of the institutions that is most characteristic of developed European societies.

3. The modern European welfare state has emerged in four major waves, each being part of a specific process of social opening and democratisation.

4. Economic globalisation and global competition are not new phenomena, neither have they suddenly transformed all the parameters of nation-states.

5. Economic globalisation is not a social straightjacket.

There is no necessary trade-off between, on the one hand, welfare or equality and on the other, competitiveness. Empirical evidence rather indicates a positive correlation.

6. There are no known concretely identifiable economic limits to the welfare state. The pressures which the Western European welfare states are currently facing are social composites: economic-demographic, politico-economic, and socio-political.

7. Against the current tendencies of advanced capitalism towards a bifurcation of the economy and of society, the continental European welfare states have demonstrated a considerable capacity to resist the creation of relative poverty.

8. Contemporary welfare politics is paradoxical. There is increasing demand for more public social rights and services, but current politics operate against this demand finding effective forms of political expression. Contemporary socio-political tendencies make consistent policies, whether of the left or the right, difficult.

9. The Western European welfare state will be maintained for the foreseeable future, while subject to internal reshuffling and probable challenges from the EU Single Market.

10. The welfare state and social policy need not confine themselves to alleviating or avoiding social ills. They should strive to achieve an "ever higher social quality of society, an ever higher well-being for society's inhabitants".

1. A System of Rights

The welfare state consists of a system of rights and of means to sustain those rights. These rights are both rights to claim and rights to act. The former comprise recognised legitimate claims upon society and its polity to service and support, e.g. education, health care, care for children and the elderly, and income support. The latter include labour legislation and usually family and gender legislation as well, thus widening the rights to act of employees, women, and children.

How different claims and different rights to act should be related and balanced is obviously open to conflicts of interest and controversy. Rights to claim reduce the discretion of patronage politicians, relief administrators, and bosses of all sorts, while legally widened rights to act of social subordinates may restrict the command and prohibition possibilities of employers, husbands, and fathers or parents.

However, *ceteris paribus*, an extension of rights to claim within a given community or society can only mean more freedom for its members, at least for the majority of the membership. And an extension of rights to act at the expense of powers to command and to prohibit can only mean an extension of freedom.

The modern welfare state of public social rights originated in Europe and has become one of the Continent's most characteristic institutions. While it has spread all over the world, the welfare state has nowhere achieved the size and prominence that it has in Western Europe. There is no clear trend of global convergence, although it is true that East Asia has recently been closing the gap. However, such progress is likely to be impeded by the current crisis there.

TABLE 1. *Social security transfers and total current public disbursements 1960 and 1993. Per cent of GDP.*

	1960		1993	
	Soc.Transf.	Total E.	Soc.Transf.	Total E.
Europe	9.5	31.4	19.4	52.3
USA	5.0	27.2	13.2	37.3
Japan	3.8	17.5	12.1	34.9
Latin America		10.2		22.7

Note: Europe = OECD Europe. *Source:* OECD 1996, ECLA 1995.

Today's European welfare state originated from "the workers' question" and the "social question" of the nineteenth century. This issue became more important in Europe than elsewhere, for two basic reasons. First and foremost, modernity was an endogenous development in Europe, which meant that both the forces in favour and those against modernity were completely internal. The European route to modernity was one of civil war. The French

Revolution is the paradigmatic example. This internal conflict put the internal social division at the centre of politics and ideology.

Secondly, Europe was the only continent to produce an industrial society, in the sense of being at least relatively dominated by industrial employment. This had already happened by the census of l821 in Britain, by the l880s in Belgium and Switzerland, by the 1900s in Germany. And in countries like France and Italy, where agriculture remained of primary importance until the 1950s, industry at least dominated non-agrarian employment. The USA, Japan, Argentina, and other non-European parts of the world never became industrial societies in this sense.

Industrialism produced clearer class cleavages and facilitated class organisation. European workers thus tended to become a class, for themselves and in the eyes of politicians, rather than an undefined series of occupational interest groups. Hereby, the "workers' question" was brought to the fore as *the* social issue, leading to political recognition of social rights of classes and of citizens. This European class tradition is not disappearing, recent social changes notwithstanding. It is at the centre of the EU conception of social rights, while attempts are being made to broaden it into rights of social citizenship.

It may therefore further be argued, that the welfare state is a more distinctive part of the European heritage and the European collective identity than, for instance, Christianity, which has many of its most devoted societies and

largest churches or dioceses outside Europe. Europe has in fact become, with China and Japan, the least religious part of the world. Only the institutions of European supra-national integration, the EU and the Council of Europe, are clearly more specifically European than the welfare state.

3. The Four Waves of Expanding Social Rights

The current welfare state in Europe is a product of international waves of social opening. The first of these rolled in from Germany in the l880s, bringing with it a recognition of the fact that the risks of industrial labour and industrial urbanisation were a public responsibility. It also resulted in the official recognition of the industrial working-class, both as members of society and as a potential threat to the existing politico-economic order. The wave swept mainly central and north-western Europe.

In its wake came work safety legislation, institutions of social insurance, and urban planning and public utilities. In this period, up till World War I, the basic features of the different main variants of European welfare states were moulded. At about the same time, general basic education of the whole became a public task *de facto* as well as *de jure*.

The second wave was part of the brief surge of democratisation in the wake of World War I. It included the eight-hour day legislation, embryonic institutions of collective capital-labour relations – works councils in enterprises, collective bargaining, bipartite representation in public

organs. Social policy legislation and institutions spread to the new or more socially open states in Eastern and Southern Europe, alongside land reforms and other measures of social inclusion.

Thirdly, the welfare state became an anti-Fascist banner, a counterbalance, in Britain initially, to the Nazi warfare state. The Beveridge Report, issued in November 1942, was an instant best-seller and had a tremendous impact in Western Europe. The need for an extensive welfare state was widely recognised as one of the most important lessons to come out of the Depression and the rise of Fascism.

The post-World War II broadening of social entitlements took place across almost the whole continent, but it was soon contained, in the East as in the West, by the new Cold War. Although variably institutionalised in the West, there was an acknowledgement that the level of (un)employment was a public responsibility.

Finally, there were the years of enormous quantitative expansion, when social rights came to include the right to participate in discretionary mass consumption. The debates and political conflicts of the 1950s about whether booming societies on the verge of prosperity needed social policies any more, or whether prosperity meant that social security for everybody was now becoming affordable, were resolved everywhere in Europe in favour of the latter interpretation. Prosperity should be made available to all, including the old, the sick, and the infirm.

Between 1960 and 1980/81, social expenditure doubled

as a proportion of GDP in Western Europe. That is, it increased faster in those 20 years than in the preceding 80, in spite of the fact that the denominator, GDP, also rose faster than ever before. Indeed, GDP in Western Europe also doubled between 1960 and 1980.

The wave of quantitative expansion was succeeded, in the West, by what we may call two currents. The first slowed or even halted the expansion. In the European Community, the average GDP share devoted to social expenditure was the same in 1990 as in 1980.

In the latter part of the great expansion period, there emerged a strong push for women's rights – rights to equal remuneration, equal social entitlements, equal career opportunities, marital equality, and to freedom from sexual harassment. Countries in the West that lagged behind were forced to take action by the EEC Directives (75/117, 76/207, and 79/7), the last-mentioned of which relates to equal social rights. In this area, the momentum has been maintained in most countries even after 1980. This is the second and most recent current and in several countries, children's rights have been the focus for concern.

4. On Realities of Global Competition

In recent years, globalisation and "intensified global competition" have in some circles become what the US economist Paul Krugman has called a "dangerous obsession". It is true that the dramatic rise and internationalisation of the

financial markets in the last ten years has been almost dazzling, and deregulation of transport and communications has strongly intensified competition. Other examples could no doubt also be added.

However, in the current loud chorus, some patterns of continuity and stability need to be pointed out. After all, the economic world system, the world market, and intercontinental competition are centuries old.

In 1956, world exports constituted about a tenth of the world product, according to IMF data. This proportion remained basically unchanged until 1973–74, when OPEC, the oil cartel, moved the share up to about a sixth, or 16% of world GDP. Since then, world exports have oscillated between 15% and 18% of the global product, rising again in the mid-nineties to 22% in 1996.

Western Europe has also successfully maintained its position on the world trade markets, supplying a third of world exports in 1950 and around 40% since about 1960, up to and including 1996. The rise of the extra-Japanese Asian share of world exports, from 7% in 1974 to 18% in 1994 has not eroded the Western European share at all. In 1996 as well as in 1974 the latter stood at 42.5% of world exports.(IMF data)

In brief, "intensified global competition" has not transformed the world economy. Nor is there any tangible evidence that the dominant positions of Western Europe or the OECD area as a whole within the world trade system are being threatened.

Apart from taking a scholarly sceptical view of the fear of low-cost intercontinental competition, a serious discussion of the international dimension of welfare states also has to start from an acknowledgement of the fact that there is no necessary trade-off between a generous national social policy and successful international competitiveness. Nor is there one between international competitiveness and domestic equality.

The correlation in the early 1990s between world market dependence and the size of the welfare state among the then 21 OECD countries (exclusive of Luxembourg) was significantly positive, r=0.34.

Put in non-statistical terms, economic globalisation provides no alibi for those who want to rob the welfare state.

The reasons for welfare states' *structural competitiveness* need not detain us here (cf. Pfaller, Gough, Therborn, *Can the Welfare State Compete?* 1991). The direction in which to look is clear from the time sequence. Openness to competitiveness and performing competitiveness on the world market preceded the great expansion of social entitlements in the Netherlands and Scandinavia, for example. On the other hand, the marriage of big exports and big welfare states has proved rather stable in those countries, who have enjoyed about thirty years at the top end of both export and welfare ranking.

The empirical evidence further shows that there is no

necessary trade-off between international competitiveness and domestic equality. On the contrary, there seems to be a tendency for world trade-oriented economies to be less unequal than those countries less dependent on external trade.

For 14 OECD countries, comparable disposable income distribution data are available for the 1980s. If we correlate them with foreign trade dependency, we get a correlation of –0.27. That is, the higher the dependency on exports, the less the domestic inequality.

6. Constraints of Welfare States

As an historical human construction, the welfare state is not without bounds or limits. But there is no concretely identifiable limit in sight, neither a specific degree of international dependence, nor a particular rate of expenditure or taxation, nor any special population structure.

On the other hand, the developed European welfare states are currently clearly under pressure and strain. The latter may be summed up in a triangle of an economic-demographic cost push, a politico-economic monetary constraint, and socio-economic fiscal constraint. These two-worded labels are meant to indicate the mélange or intertwining of forces and interests involved.

The cost push comes from a number of sources ranging from the progress of medical treatability to the limits of productivity growth in caring – too many even to be

mentioned here. Let us only touch upon one of the most important, probably *the* most important, the lever of economic demography.

The widely discussed ageing of Europe or of Japan is not a simple issue of old age and longevity. At one end of the life-cycle, the population is ageing because so few babies are born. Western European fertility statistics for the first half of the 1990s quote 1.5 children per woman. In 1995, the figure quoted had fallen to 1.43. Germans and Italians have already started to die out, with death rates exceeding birth rates. Indeed, assuming no migration and a constant fertility rate fixed at the level of the early 1990s, the German population will be decimated, falling by 85% in 100 years!

What governs this decline in the birth-rate is still not quite clear. The European pattern of cross-national variation suggests, however, that the difficulties encountered by women wishing to combine career and motherhood is one major reason, and general employment and household economic prospects another. When the Nordic countries in the late 1980s and early 1990s seemed to be providing social facilities and jobs that made it possible to combine motherhood with work or a career, fertility rates shot up. With the onset of recession, they fell immediately, although they remained above average for the EU, not to mention Germany, whose rate in 1995 was 1.24 child per woman.

At the other end of the life-cycle, ageing and transfer

income dependency is pushed by labour market expulsions. After the mid-1970s, there was a precipitous decline in the employment of males of 55 years and over. 70% of German males born in 1906–10 and surviving till the age of 60–64 were in employment, whereas only 30% of 60–64-year-olds born between 1926 and 1930 had a job. About two thirds of German males aged between 55 and 59 are currently in employment.

The different significance of ageing *per se* and market expulsion may be gauged from the fact that while West German *male life expectancy at 60 increased by two and half years between 1960 and 1985, the median age of labour market exit was lowered by five years* over the same period.

The point here is that a large part of the social cost push comes from a combination of factors: inadequate social services and labour market flexibility for families and bleak employment prospects generating low fertility; increased labour market attrition and expulsion forcing large numbers of people over 50 out of the labour force; maturing retirement schemes and a need for considerably more care for increasingly longer-lived elderly people. The only simple solution to this complex situation is to increase the poverty and misery of old people.

Monetary constraint is expressed in low inflation targets, which have become part of the international macroeconomic environment after the stagflation of the 1970s. Keynesian demand-boosting deficits were then discredited. Monetary policy was rehabilitated, and money supply

and/or interest rates were held to be a key factor influencing domestic economic activity. And public deficits tend to raise the money supply as well as interest rates.

This monetary environment is not a natural datum. Nor does it follow fully from the globalisation of finance. It is institutionally anchored in the politics of the EU, in the quite arbitrary choice of pushing European integration further by means of a monetary union, and the political necessity of making this acceptable to the constituency of the Bundesbank. This political decision was even quantified into quite contingent specific criteria for economic performance after Maastricht. Acceptance of the norm of fixed exchange rates provides a powerful sanction against monetary laxity in the form of speculative runs against the currency by powerful investors.

The *fiscal constraint* is acknowledged by politicians of all major parties in all countries, which indicates its strength. But where it comes from is far from obvious. In contemporary Europe, it is more driven by politicians' initiatives than by articulated popular demand, as, for instance, the public commitment of German Christian Democracy in April 1996 to a substantial reduction of taxes by the year 2000, or the Blair government's promise not to exceed the significantly lower tax rate bequeathed by Thatcherism.

There is a vigorous anti-taxation lobby among neoliberal economists and, from a social perspective, an increasingly important upper middle-class clientele for promises of tax cuts. On the other hand, polls from a

number of countries show that a majority of the population is prepared, if need be, to pay higher taxes for social purposes, such as health care and care of the elderly. Whatever its roots, and the depth of those roots, the fiscal constraint on welfare states is a socio-political option, not an economic constraint.

7. Continental Europe and the Onslaught of Contemporary Capitalism

Despite its inherent non-egalitarian tendencies, capitalism has also periodically been a plus-sum game, leaving almost all people at least somewhat better off than before. In the advanced capitalist countries that was very much the case in the 1950s, 1960s, and, albeit more unevenly, in the 1970s. Since then, however, advanced capitalism has become more similar to peripheral capitalism: an engine of wealth at one pole and of poverty on the other.

This polarising thrust is expressed both in a remuneration divide, with rapid rises at one pole and a decline at the other, and in an employment-unemployment divide. The leading capitalist economy, that of the US, manifests the new tendency most starkly. Around 1970, the long-term trend of declining poverty virtually stopped, and was followed in the 1980s and early 1990s by a rising poverty rate.

In Western Europe, there was a similar change of direction which took the form of rising unemployment following the first oil shock in 1974–75. In what are now the

15 EU member states, unemployment rose from 2.7% in 1964–73, to 4.7% in 1974–79, then to 9.3% in 1980–89, to 9.6% in 1990–94, and to 11.3% in 1996–97. In terms of unemployment, this contrasts directly with the US, where the rate of unemployment has remained quite stable: 4.5% in 1964–73 and about 5.2% in 1996–97.

However, on the European continent, unemployment did not lead to a rise in poverty, and occasionally, as in the case of Finland, not even to a rise in inequality. The welfare state was often unsuccessful in maintaining full employment, but it was able to prevent any major socio-economic exclusion or marginalisation. In Britain, however, there was a steep rise in poverty, as Anthony Atkinson and others have shown.

TABLE 2. *Unemployment and Poverty in Europe in 1994.*

	Standardised Unemployment Rate	Relative Poverty Rate(a)
Finland	18.2	5.6
EU15	11.4	15.6(b)
UK	9.6	20.0

Notes: (a) Percentage of the population aged 20–84 whose income is below half of the median disposable income, corrected for household size. (b) EU14, minus Austria.
Sources: OECD 1996; Vogel 1997.

The work by Joachim Vogel for the European Commission shows three patterns of poverty in Europe in the mid-

1990s. There is a low poverty group, consisting of the Nordic countries, with a relative poverty rate (disposable household income below half of the median income) of around 5% of the population. The medium group is made up of the core of Western Europe – Germany, France and the Netherlands, with a poverty rate of between 11% and 13%. The high poverty group consists of the poorer countries of the EU and the UK, with a poverty rate of around 20%, with Italy at 18% and Portugal at 27% being the outliers. The US rate, according to this method of calculation, should be in the vicinity of Portugal's.

Comparing the US and the UK, on the one hand, and, say France and Germany, on the other, there seems to be a trade-off between unemployment and poverty in contemporary capitalism. You may either opt for poverty and low-wage employment, or for social security and a higher rate of unemployment. The problem is that it is an asymmetrical choice. The US and British policy-makers and advisers who choose poverty, choose it for others, not for themselves, and their counterparts in France and Germany who (implicitly) have preferred unemployment, do not face unemployment themselves. But if there is any truth in economics, most policy-takers would prefer the Franco-German variant.

However, there is no necessary trade-off between poverty and unemployment. Denmark, for instance, combines the highest rate of employment in Europe with the lowest poverty rates.

8. Current Politics and Future Prospects

The welfare state is today living in an ideologically hostile or unfriendly world, above all in the corridors of power – political, bureaucratic, and managerial – and largely in the mirrors of the media. Party politics and left-of-centre versus right-of-centre media are less divided on social policy issues than, say, 20 years ago.

This is paradoxical, because at the same time there is an increasing demand for public social services. Evidence of this demand is found in population surveys (Svallfors 1998), and in neo-liberal polities like the UK (Taylor-Gooby 1996), as well as in the length of the queues for these services. Demand stems from several sources. One source is the growing elderly population, who are demanding more from health care and welfare services. Another comprises young couples who, in seeking to combine both a job and a family, are demanding rights to parental leave and day-care for children. The growing instability of couples also results in more demands from single parents for day-care and for income support. Employers demand more education, and the new multi-ethnicity and multi-culturality of the immigrant societies – which European countries have become in recent decades, after centuries of out-migration – makes education more difficult and costly. Finally, the above-mentioned tendencies towards a bifurcation of the economy expel people from the labour market or push them down into employed poverty.

Why do these demands for welfare co-exist with a political hostility or indifference to welfare politics? The reasons are not yet quite clear, but the following seems to be important: the elderly constituency is less politically active, but more loyal to political tradition than the younger electorate. The demand for services generally has a tendency to be an individual consumer demand rather than one of collective action. De-industrialisation and the new capitalism of "flexible labour markets" tend to combine an economic polarisation with social fragmentation of the losers. Media politics tend to overtake the politics of organisation. In particular, these last two tendencies have weakened the labour movement, weakening the unions and emptying labour parties of labour content. Party politics then tends to pit one set of telegenic Yuppies against another set of telegenic Yuppies. And both sets are wrapped up in the current dynamics of non-labour markets, of finance, real estate, spectacles, and of "downsized" production, and enshrined in the global discourse of neo-liberal economics.

Current socio-political tendencies create difficulties both for the right and for the left, which may have contributed to recent calls for a politics "beyond left and right". While the dynamics of non-labour markets, economic polarisation with social fragmentation, and media politics undermine collective, left-wing action and politics, new cultural diversification – ethnic, sexual, and other – and the resurgence of protest crowds also render consistent and long-term right-wing politics problematic.

In spite of all the crisis-mongering, the European welfare state is not shrinking. Basically stable in size, the welfare state has seen social security transfers tending slightly upwards in the 1985-1995 period (OECD 1996; Eurostat 1995).

The social cost push indicated above means that a constant-size welfare state tends to be less responsive to mounting need and tends to produce less welfare. Two social forces also act to maintain the welfare state in the face of its powerful enemies or of its lack of powerful friends. One is institutional inertia and the other extra-political social protest.

The institutional inertia operates through several mechanisms: the patterning of expectations and of expertise, transition costs, political risks of systemic change as the major part of the electorate will be immediately affected – as pensioners or other beneficiaries, and as public employees – through the entrenchment of specific interest groups as manifestations of a specific national tradition.

The welfare state in late 20th century Western Europe cannot be treated as a *tabula rasa*, as the only distinguished current European Social Minister, the German Christian Democrat Norbert Blüm, so eloquently put it recently. There are also the high costs of systemic change – from one matured pension system to another, for instance – which would mean that the current generation would have to pay

twice: once for the pensions of those who are already old, and again for themselves. For that reason, the Swedish Public Commission on pensions rejected a change in the system, in spite of its neo-liberal preponderance in favour.

With elections marginalised in the absence of socio-economic options, conventional popular protest defused into impotent protest voting for xenophobic parties, in countries such as Austria, Belgium, and France, and with dialogue and collective bargaining increasingly shunned both by governments and capital, another significant force has risen up alongside the post-democratic liberal configuration of public management autonomous of the electorate: *crowds of protestors* – usually rallied by some rather specific vested interests under attack from the configuration.

France in December 1995 provides the best example of such action. The defence of the right of the Métro drivers to retire at the age of 50 was a trigger for massive strikes and demonstrations which brought the country to a standstill. And there was also Italy the year before with its huge demonstrations against the pensions cuts being proposed by the Berlusconi government, which was eventually brought down following parliamentary mediation.

In the autumn of 1996, German workers took to the streets en masse to protest against the cuts in statutory sick pay as well as against the militant employers who were immediately rushing to exploit the new legal situation. As a result, Daimler-Benz and other employer ultras were forced to retract. At about the same time, a series of grass-roots

demonstrations took place in Sweden, Belgium, even in England, and again in France and Italy.

Institutional inertia and protests are likely to keep the welfare states in existence, at the same time as the need for their extension is increasing. While the global economy is likely to be used as an ideological club, it is not likely to generate any strong competitive pressure downward on Europe's welfare states. But size apart, the Western European welfare state is undergoing a number of alterations. Experimentation and internal changes are likely to continue into the foreseeable future. They relate to the system of finance, the organisation of provision, and to the regulation of entitlements, of access, generosity, and choice. A very important question is how the Single Market of the EU will be interpreted by the European Court and the European Commission with regard to the provision of social services and social insurance.

10. A New Social Policy Agenda.

The old social issues of relative impoverishment, economic marginalisation, sickness, physical handicaps, the need for care, for education, for maintenance of the environment, are being revisited. They will keep welfare states busy in the next century as well. But there are also new agendas emerging, beyond the prevention or alleviation of social ills, beyond "investments in human capital" for the markets of labour and finance.

They have to do with policies relating to the quality of life. In an article in *Marxism Today* about a decade ago, I envisaged a new "life politics", a notion which Anthony Giddens has also used (independently). Another formulation, launched by the Dutch institution SISWO and Alan Walker, expresses it as a question of "social quality", in this case the social quality of Europe.

In relation to the ongoing European Social Quality initiative, I have been arguing that social quality is best seen as an attribute of societies, an attribute defined by the amount of well-being among the individual inhabitants. Well-being, in turn, may be taken as dependent upon the resources – capacities, means, and rights – and the environments – of safety, security, and meaningful belonging, of options and development potentials, of cleanness and beauty – at the individual's disposal.

Well-being in terms of individual resources and social-cum-natural environments – as a policy-making agenda – should not be defined in minimum terms. Rather it should, like the process of European integration, be seen as an open-ended process, as an open horizon.

The new agenda of social policy should then be striving towards an ever higher level of well-being for all inhabitants.

Conclusion

In spite of their admiration for Blair's style and electoral success, Continental European politicians of the centre and centre-left are unlikely to agree with and to make their own the critical or hostile opinions concerning generous social entitlements, collective action, and universalist public institutions, or the indifference to inequality, poverty, and old age frailty characteristic of the first year of Blairism in office. Whether British policy-makers and advisers will pay any positive attention to Europe, I cannot tell. But the latter will remain an option, at least for those no longer standing in attention to Lady Thatcher.

However, it is also true, that an agenda to achieve ever greater well-being for everybody will require a large amount of new, radical thinking, which is not exactly gushing forth on the Continent at the moment. The new intellectual ferment in Britain could make an enormous contribution to the debate. I do hope it will.

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Blairism – Europe's Shining Beacon or a Low-watt Glow?

Erkki Tuomioja

No one can remain indifferent to the example of a party which sweeps into power with a record majority – even if it won a smaller proportion of the popular vote than the Sandinistas did in Nicaragua when they lost the country's first free elections. After the elections, Labour has of course managed to increase its approval rating to historical levels. What relevance if any this success has for the European Left in general and Nordic social democracy in particular is another matter.

Brilliant and successful as Labour's election strategy and campaign were, I have reservations about the same strategy working elsewhere. Having listened to some of the gurus employed by New Labour in its election campaign, I think that a good part of their advice was more or less irrelevant to the Left in most other countries and in some cases more likely to lead to electoral disasters rather than success if applied in the Nordic countries.

There is nothing revolutionary about Labour's internal reforms from a European point of view. Essentially they have meant that Labour has now – partly – liberated itself from trade-union guardianship and otherwise adopted statutes and practices which have been more or less normal practice in most European social democratic parties.

As for New Labour's post-election performance, the verdict on Blairite policies must be left open for the time being. Even if they do turn out to be a success in the British context, there is no a priori reason to think that they could or should serve as a model for other European countries.

The starting point is rather baffling: why should American and British experiences of and policies on welfare reform be of particular value or significance when debating the future of the welfare state, when these two countries are not welfare states in any sense that is familiar to and accepted by most people in the Nordic countries?

The USA has, of course, never been seriously perceived as a welfare state. The UK, on the other hand, with the Beveridge Plan and the reforms carried out by the post-war Labour government, has been seen as a welfare model. Even so, it can be argued that these two countries between them have more similarities in their liberal or residual social policies than with other, corporatist, institutional or social democratic welfare regimes. They certainly have the most unequal distribution of income as well as the highest instances of poverty to be found in the OECD countries.

Anthony Giddens seems to interpret this as showing

that the welfare state has not been particularly successful in combating poverty and reducing income inequality. Looked at from the Nordic countries – where the welfare state has been extraordinarily successful in eliminating poverty – an alternative interpretation would be that neither the US or the UK can be called welfare states.

This has not, however, prevented the US and the UK from fostering the most radical, not to say hysterical critique and condemnation of both welfare and the welfare state.

The social policies of the Nordic countries and most European countries are different from those in the US and UK in their universalistic approach to social insurance, benefits and public services. It is indeed true that Nordic-style welfare does benefit not only the least privileged but also those who are well-off. It is also true that the more well-off have more earnings-related benefits and that they are able to use free libraries, education and even health services more than less-well off people do. The better-off do, however, also contribute more to the costs of the welfare state both through taxes and social security contributions.

This is intended. The result is a considerable redistribution of income on the one hand and enhanced social cohesion on the other, with the vast majority of the population sharing common experiences in maternity wards, day-care centres, schools, health centres and other social amenities. Much effort has been directed towards prevent-

ing the emergence of a marginalised underclass through both social and physical investment. Social housing and city planning policies, for example, have consciously tried to avoid creating socially segregated neighbourhoods.

Thus, contrary to what Giddens says, social democracy, or at least the Nordic manifestation of it, is not about class politics of the old Left, but about overcoming and eliminating old class distinctions and contradictions. Needless to say, this is not a product of authoritarian policies – they would never have been successful – but of democratic multiparty politics in a pluralist and liberal society.

The Nordic welfare regimes are of course high-tax regimes with a high degree of state intervention. But to call this corporatism of the kind where the state necessarily dominates over civil society, as Giddens portrays it, is misleading. A central feature of the Nordic welfare model is that it involves both civil society and local government with a high degree of real autonomy in the actual running of welfare services.

In fact most social democrats would today rather use the concept 'welfare society' in lieu of 'welfare state'. This particular example of new-speak should not be interpreted as an indication that the state is surrendering its responsibility for the overall provision of welfare services and social security. Couldn't we rather say that these do not necessarily have to be produced by the state itself.

Nor is it easy to comprehend what is meant by "a new mixed economy" as opposed to the old one in the Nordic

context, where battles over public ownership as such have never taken centre-stage as they used to do in Britain.

A good example is the Finnish system of pensions which rather uniquely combines elements of a basic minimum income guarantee and earnings-related general pension as well as private sector provision of universal and mandatory pensions through legislation. The state pensions institute provides a tax-financed minimum pension for everyone topped up by earnings-related pensions which after thirty years in work amount to 60% of former wage levels. There is no fixed ceiling for a pension, but neither is there a market for private pension schemes.

Earnings-related pensions are financed by contributions from both employees and employers. Each employer can choose the private insurance company they want to provide the pension coverage, but the investment policies of the companies are regulated and the pension system as a whole is liable to cover the pensions that a mismanaged company could put at risk.

I am not claiming that everything is fine with the Nordic welfare states. On the contrary, there are serious problems of which the most pressing are those connected with the high costs of the welfare regimes. The problems were already evident well before the end of the years of full employment most Nordic countries had been able to enjoy. But they became acute when unemployment shot up. In Finland, for example, it rose from practically zero to 18% as social costs skyrocketed with the social safety nets

functioning precisely as they were intended while taxable incomes fell.

While the welfare state cannot be blamed for the economic crisis, it is evident that the resulting public sector deficit cannot be balanced by tax increases. On the contrary, there is a need to cut income taxes at least for low-income groups and even for a slight reduction of the tax rate as a whole.

Not all of this can be achieved through growth and better employment. Cuts in social expenditure – which have primarily affected income-transfers, not services – are also necessary. The Nordic social democrats have not – and neither have most centrist parties – resorted to trimming social expenditure through any desire to dismantle the welfare state.

Attacks against the welfare state have no significant political or public support despite prominent academic and media support for neo-liberal measures. Not even the prospect of massive tax reductions, which dismantlers of the welfare state dangle before people, has succeed in mobilising opinion behind the neo-liberal agenda, except for some of the very rich.

What is therefore now being done in the Nordic countries aims to make the welfare state economically and socially sustainable. The fact that it also aims to create a welfare state capable of acting as a trampoline for helping the unemployed return to work is not in itself a new idea, although the terminology used to describe it is new. The

original idea behind Nordic welfare policies has been specifically to activate those who would otherwise be marginalised and incapable of participating fully as producers and consumers and as citizens in our societies.

Although unemployment in Finland is now falling at an encouraging rate it remains much too high at 13% (in 1997, in 2000 the figure is less than 10%). It begs the question whether, as neoliberalists claim, generous unemployment benefits, labour market rigidity and/or a too equal distribution of income are to blame for persistent unemployment. In fact adjustments have been and will continue to be made to correct the excesses in all of the afore-mentioned respects and they can be expected to alleviate the employment situation to a certain extent, but they are not designed to fundamentally change the character of the Nordic regimes.

This reflects an important characteristic of social democracy, namely its readiness to implement reforms on a pragmatic basis in order to find solutions that work, without being slave to either old dogmas or new fashions. This may sound too good to be true, but as an approach to social challenges it is at least as valuable and, in the European context, surely more workable than the search for an ephemeral Third Way.

The Third Way as expounded by New Labour's spin doctors implies that the Left must reform its policies because they have failed. This is something most European social democrats would not agree with. Reforms and new

thinking are certainly needed, not because of the failure of social democracy but because the life-time full employment conditions of Fordist mass production and consumption and of Keynesianism-in-one-country on which the Nordic model was originally built do not exist any more.

Blairism deserves the benefit of the doubt. But until it has more solid achievements to its credit, it would do well to contain the high-power marketing of its ambition to be a beacon for Europe which risks overstepping the fine line between the high-minded and the ridiculous.

Nevertheless there is one example of Blairism which has been and will continue to be a beacon for continental social democrats: namely the Blairism of George Orwell whose appeal for fundamental decency in human relations and rejection of all forms of totalitarianism will always be valid guidelines for us all.

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Blairism: Trojan Horse of Americanisation?

Loïc Wacquant

Let me preface my remarks with a quote from sociologist and ethnologist extraordinaire, Marcel Mauss, who came to London in 1925 to speak before the Aristotelian Society. In a talk on "The Problem of Nationality", he noted: "Anglo-Saxon peoples have indeed a practical genius which makes them invent decisive forms of law but at the same time a kind of ideological timidity which makes them lose the consciousness of the revolutionary character of their political intervention." Certainly, were he alive today, Mauss could not fault Tony Blair for such timidity. Although he has been at the helm of his country for less than a year, Blair already claims to embody a doctrine purporting to represent a 'third way' – a 'the third way between capitalism and socialism', a novel model of socioeconomic development and civic project transcending the stale and outdated opposition between 'neoliberalism' and 'social democracy', if we are to believe the typically lucid but crudely skewed charac-

terisation of its chief propagandist, Anthony Giddens (I am refering here to Giddens' piece in the *New Statesman* of May 1st, 1998). A bold ideological claim if ever there was one.

To signal my scepticism about this claim, enshrined in the title of our workshop (one wonders if the latter was coined by the PR office of 'New Labour'), I have entitled my presentation: 'Blairism, Trojan horse of Americanisation?' I could have framed the question differently: 'Is Blairism an Advanced or a Retarded Form of Clintonism?' to dramatise the parallelisms in the concurrent drift rightward and backwards of American and British politics. For Blair shares with Clinton the reduction of politics from party to person and programme to expedient, a heavy reliance on polls, focus groups, and political marketing to determine directions and decisions, and the proud adoption of conservative policies dressed up as planks of a novel brand of progressivism. Of course, the first question we would need to consider is whether, as with 'Clintonism', there is anything more to 'Blairism' than electoral opportunism and media savvy. But let us assume there is for the sake of debate.

What do I have in mind when I speak of Blairism as the Trojan horse of Americanisation? By Americanisation I mean, firstly, the formation of a society of rising and extreme inequalities – one in which social and economic disparities not long ago judged intolerable or even unthinkable are increasingly deemed acceptable if not desirable and

deserved. One statistic: in 1993, the average American CEO took home nearly 150 times as much as the average factory worker, compared to 40 times as much in 1960 (in Japan, this ratio presently stands at 32 to 1). The distribution of income and wealth in the United States has been rapidly growing more uneven since the mid-seventies. This increase in inequality is all the more striking for occurring during a period marked by a deterioration in the economic status of most American families (as recorded in the Economic Policy Institute's authoritative report, *The State of Working America*, 1996–97).

Secondly, I mean a society in which there is a generalisation of social insecurity, where not only is material instability rising for large segments of the population due to wage stagnation and attacks against the social protection schemes built over a century of social struggles, but a society which affirms insecurity as a positive principle of collective organization. In this neo-Darwinist perspective, social precariousness is presumed to make individuals more productive and efficient by subjecting their performance to more immediate and more severe sanctions. Wage earners have to think of themselves not as holders of jobs but as entrepreneurs who sell skills to a firm on a 'spot' market where purchases are made day-to-day, as it were. (As the head of human resources for a leading U.S. multinational recently explained, all employees today are 'contingent'; they do not have jobs, they are brought in for – and out of –'projects' and should have neither expectations of nor

rights over the corporation which employs them). What Giddens terms 'risk' is another name, especially in the lower regions of social space, for the growing instability of positions and the unreliability of rewards spawned by post-Fordist capitalism.

A third characteristic of an 'Americanised' society is the increasing if not thorough commodification of public goods, that is, those amenities that are collective necessities as well as basic prerequisites for meaningful participation in a civilized society – safety, housing, education, and health in particular. In the United States, access to all four of these goods is extensively and increasingly subjected to market or market-like mechanisms. Having turned health into an 'industry' and patients into consumers, American corporations are now licking their chops at the prospect of the billions of dollars to be made by fully commercialising education. The fastest growing merchant sector in large cities in America this past decade has been the private security business.

Fourth and last, Americanisation entails the systematic impoverishment or pauperisation of the state. A first dimension is economic pauperisation as the state divests itself of its assets, sells off state-owned firms, 'subcontracts' public services to the private sector, and reduces its capacity to influence the course of its national economy (there is much talk about the retrenchment of the 'welfare state' but the retrenchment of the 'economic state' is much more significant and potentially consequential). A second pro-

cess, functional pauperisation, is triggered when the state diminishes its organisational capacity to deliver services, to equalise life chances, and to hold inequality in check. Today this mainly takes the form of strategies of devolution to lower levels of government, the region, county, or city, which typically lack the administrative and financial capacity to carry out societal mandates (here I must recommend the work of my UCLA colleague, Joel Handler, *Down from Bureaucracy*: *The Ambiguity of Privatization and Empowerment*) and strategies of responsibilisation, which directly assign to individuals or communities tasks which are traditionally the domain of the national government (this is particular visible in the area of crime control, including in the U.K., as shown by the recent research of David Garland). A third dimension of this weakening of the state as a collective agency is what we might call philosophical pauperisation, whereby the state is no longer seen, in Hegelian-Durkheimian fashion, as the institutional embodiment of the collectivity's will, an instrument of solidarity, but is perceived rather as a mere provider of services to citizens, themselves reduced to the status of consumers by virtue of being 'taxpayers', a leitmotiv of the American political idiom. Needless to say, when the state is viewed simply as another organisation to deliver services, it becomes easier (though it is often fallacious) to argue that it is a deficient or suboptimal organisation and that 'the market' can do a better job (this is the main argument used to justify the stupendous boom of the private prison

industry in the U.S. over the past decade). It is all the more easy to argue when state services are inadequately funded and ineptly run (as a result of functional pauperisation) so that they are indeed glaringly deficient in their mission.

Having specified 'Americanisation' thus, I contend that, far from being a beacon, Blairism represents a danger for Europe in that it threatens to introduce, solidify or accelerate these four social features or trends across the continent. Social inequality is deeper and social insecurity more widespread in the U.K. than in other comparable European societies. The pauperisation of the state and the correlative commodification of social goods have proceeded further there than on the continent, as a result of two decades of regressive policies pursued by the Tories. And little in what 'New Labour' has done or intends to do promises to reverse or even stem these trends. For Blairism, like Clintonism and, more broadly, the 'soft' brand of neoliberalism of which they are two barely distinguishable variants, has among its chief objectives the imposition of desocialised wage labour as the new norm of employment and as a requirement of full citizenship. This insecure wage labour relationship is the mainstay of the new polarised and polarising economy led, on the one side, by financial capital, business services, and information technologies, and, on the other, by deskilled services and downgraded manufacturing. It translates, at the bottom of the social structure, into systematic casualisation, informalisation, and deproletarianisation that combine into a degradation of life conditions

and chances for broad segments of the working class unprecedented this century in periods of overall economic prosperity.

By the expression 'desocialised wage labour' (DWL), I refer to a wage labour relationship that is permanently – rather than cyclically – insecure, structurally – rather than conjuncturally – unstable, systematically – rather than incidentally –under-remunerated as well as increasingly incapable of sheltering those who enter in it from the perennial risks of employment, namely, deprivation, disease, joblessness, and the inactivity brought on by old age. I also want to highlight the fact that this new type of employment contract is increasingly variable in form, contents, duration, and effects. During the 'Fordist' era of 1945–75, the standard wage labour relationship had a broadly homogenising and solidarifying effect. The '40–50–60' schema – fourty hours of work per week for 50 weeks a year until one reaches retirement at 60 – generated commonalities of trajectory among those who entered it; it anchored the life course and created 'communities of fate' by homogenising life chances and strategies for those situated in a similar location in the division of labour. This Marxian 'collective worker' has since given way to the hotch-potch of 'networkers, jobless, and flexitimers' described by Manuel Castells in *The Rise of the Network Society*.

Under the new regime of DWL, not only does a growing schism open up between those who have access to the

world of work and those who have been expelled from it for long periods, albeit not permanently (thus the badly posed debate around 'exclusion' throughout Europe today). There is also a wide diversification and rising inequalities among those located within the sphere of employment. This is not only due to the rise of part-time work and the diminishing proportion of workers enjoying long-term tenure. All aspects of work contracts today are increasingly particularised, 'customised' to fit the firm and the worker concerned: duration and hours of work, benefit packages, promotion prospects, evaluation, remuneration, retirement, etc. For those who stand outside the protected sectors of unionised, highly-skilled, or professional labour, the 'desocialisation' of wage labour means that employment itself has become a source, not of solidarity and security, but of social precariousness and life instability.

Now, the imposition of desocialised wage labour as the new standard of employment and norm of citizenship is proceeding along two paths, the one ideological, the other institutional. On the ideological front, there is a worldwide campaign, waged by a broad alliance of international organisations (such as OECD, the World Bank, the European Union), think tanks (from the Manhattan Institute in New York City to London's Institute for Economic Affairs to the Institut Saint-Simon in Paris), government and mercenary intellectuals, journalists, etc., aimed at inculcating new (i.e., in truth, old) categories of thought that naturalise the neoliberal vision of the world. This propaganda

diffuses the notions that the economy is a separate realm of human endeavour governed by natural laws with which governments should not interfere; that markets are the optimal if not the only means of organising production and exchange fairly and efficiently in democratic societies; that economic 'globalisation' is a great boon but, sadly, necessitates the reduction of state expenditure, especially in the areas of welfare – but curiously not in the direct and fiscal support of firms and upper-class households; that the standards of employment rights and social provision that until recently seemed normal are inordinately expensive and inoperable, etc. (for a withering critique of this new global doxa, I urge you to read Pierre Bourdieu's *Contre-feux*). The reliance and newfound popularity of the idiom of 'responsibility' on both sides of the Atlantic (as in Clinton's motto, 'opportunity, community, responsibility') supports this campaign: in the political language of New Democrats and New Labourites, 'responsibility' has the narrow meaning of individual responsibility, that is, in short, the obligations of the poor towards the rest of society (and chiefly towards 'taxpayers'), as opposed to collective responsibility or the obligations of firms and governments towards their members. Blairism is a major weapon in this ideological war devised to effect the cultural normalisation of social insecurity.

On the institutional front, imposing desocialised wage labour entails establishing a new framework of rules and regulations that materialise and enforce the new 'social

contract'. In the United States, and I would argue also in the United Kingdom, this is done by means of two major, concomittant and complementary transformations: 'downsizing' the welfare state, in order to force people into the peripheral segments of low-wage work; 'upsizing' the penal state so as to control and contain the dereliction and disorders generated by this policy of social dumping. The atrophy of the welfare state and the hypertrophy of the penal state are the two sides of the same political-institutional coin: the shredding and shrinking of the social safety net necessitates the knitting and widening of the police-and-prison drag-net. Both transformations converge to institute a new government of misery in advanced society, in which the police-to-prison continuum occupies a central place (contrary to the predictions of the 'critical criminology' of the 1970s), designed to manage those left behind or rendered expendable by the onset of DWL (for a fuller demonstration, see the special issue of *Actes de la recherche en sciences sociales* on the transition 'From Welfare State to Penal State', published in September 1998).

We see this very clearly in the United States and I contend that we also see it tendentially in the case of the United Kingdom. Over the past quarter-century, America has witnessed the simultaneous degradation of the status of unskilled wage-workers (a third of whom presently earn less than the official poverty line) and rollback of public assistance leading to the abolition of 'welfare' and its replacement by forced labour for the poor. Under the name

'workfare', recipients of public aid are compelled to work at menial tasks for as little as half the minimum wage under conditions that systematically violate legal employment standards. At the same time as it was reducing social outlays, the U.S. state has been massively expanding its criminal justice apparatus. State and federal expenditure on 'corrections' has skyrocketed, with increases of 325% for operations and 615% for construction between 1979 and 1990. In 1980, the U.S. spent 50% more on Aid to Family with Dependent Children, its main public assistance programme, than it did on prisons ($11 billion versus $7 billion); by 1993, it was allocating 50% more to incarceration ($32 billion versus $20 billion). The country's imprisoned population has increased fourfold in twenty-five years to exceed 1.7 million, even though crime rates have stagnated or decreased during that period. The population placed under the supervision of the criminal justice system (that is, held in jails and prisons, on parole and on probation) has tripled in twenty years to reach 5.5 million individuals, representing 5% of American males over 18 and one black man in ten. The bulk of the growth in prisoners has come from non-violent criminals swept up in a 'war on drugs' that is another name for a war on poor urban blacks felt to threaten the social and moral fabric of America.

The growth and extension of America's penal state has been so swift and all-encompassing, its intervention so clearly targeted at the destitute and the disreputable, its

effects on the social organisation and life strategies of poor communities so pervasive, that one must now consider penal policies as an integral part of American social policies aimed at underprivileged populations and mass incarceration as a major component of America's 'anti-poverty' strategy. For those who live at the bottom of the emerging social order and have been either deproletarianised or pushed into permanently insecure jobs, the visage of the state is not that of the friendly 'enabling state' fancied by Anthony Giddens (a view that is revealing of the 'top down', technocratic gaze he trains on contemporary social structures and of the political oneirism of his vision of the 'third way'). Rather, it is that of a disabling state whose primary mission is to control and contain, nay, incapacitate, the populations destabilised or marginalised by the onset of the new regime of desocialised wage labour.

Blair has already bought into the American model by importing from across the Atlantic a 'reform' of public aid that seeks primarily to reduce social expenditure and drive the poor into the peripheral segments of low-wage employment – which will have the effect of further flooding the unskilled labour market with readily superexploitable workers, thus buttressing the new regime of insecure wage work. Will he follow in the footsteps of his guru, Clinton, and also build the massive penal state that is the indispensable sociological counterpart to the market-enforcing, minimalist, welfare state that New Labour aspires to give to Great Britain after the Tories failed to establish it? Time

will tell but the process is already well engaged: though crime in England has fallen for five consecutive years now (with the biggest drop since World War II coming last year), its prison population has continued to rise to top 66,800 – including an increase of 11,000 prisoners since New Labour swept to power. While it was proud to hold down social expenditure, Blair's government has increased corrections expenditure by £110 million in its first budget. It is reportedly planning to build 20 new prisons at a cost of some £20 billion; it has recently opened Europe's first prison for children – the first of five such establishments scheduled for inauguration in the next couple of years. And it is stoutly continuing the policy of privatisation initiated under Thatcher that is turning incarceration into a lucrative, high-growth, high-profit industry.

The size, shape, and activities of the penal wing of the British state in years to come thus provide us with a good empirical indicator as to whether New Labour is committed to a progressive social agenda or merely the new midwife of a society of social inequality and insecurity. It will quickly tell us whether Blairism is a beacon or a sinister omen for Europe.

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Part 2 DISCUSSION

Comments by Other Discussants

John Palmer

1st contribution. I welcome so many aspects of the arrival of Finland into Europe and one of them is the immense discipline with time-keeping on speech-making. I am just back from a university seminar in central Finland where fifteen minutes meant fifteen minutes and the chairperson, a woman rector, cut them off at the latest over ten seconds beyond fifteen minutes, a discipline as a journalist I absolutely approve of, I might say. I am going to be brief and if I am over three minutes the chairman should stop me.

I wanted to say – and I am very sorry Anthony has had to leave – the fascinating question is, that he raises, whether Blairism is a new species or is as I sadly suspect, a variant of the economic liberal project. But I want to say that there is one test among many – and I focus on this point – one test of whether it is a mere variant of economic liberalism or not. And that is it's not so much its attitude, the attitude of Blairism to the problems of Britain's adaptation to the world markets, welfare state, economy, taxation, all of those are critically important but there is an even more revealing test and it wasn't mentioned by the other three speakers with whom I generally very much agree, the general thrust what they had to say. And it's the dilemma that Anthony Giddens poses that we cannot ignore – because the great strength in what he says, I disagree with his conclusions – but he is recognising the force of globalism. And where I think our last speaker, Professor Wacquant, looked more

closely at the relationship between politics and globalism, is what he is saying comes close to being a kind of conspiracy of a certain fragment of the ruling classes to carry through a project as it were for voluntaristic reasons. To the extent that these things are happening – and I think they are happening as he describes – they are driven by the realities of global competition. So the starting point that any serious Third Way project has to be, have we anything different to say about globalism and all its manifestations than the economic liberals. And I noticed that in the British context, the debate around Blair is already split over whether there is a third way on economic policy or whether the third way applies to non-economic policies. And I notice that people closest of all to Blair say there is no third way economic policy but third way social policies, third way welfare policies, third way citizenship policies. That is the question. And to me it comes down even more precisely to this: See, I don't believe that even the Nordic countries will be able to hold the line on their own to the extent that they and we would both wish in defending welfare and social solidarity values without the development of global governance and specifically European governance. Once you look at the relationship between a putative European governance and the global market place, you are talking about a radically different shift in the balance of forces, most dramatically expressed by one figure: the 11 countries launching monetary union, European Monetary Union, will on average undergo a reduction in their exposure to world trade from

an average of 35% of their GDP to less than 8% of their GDP by the simple act of forming an economic and monetary union. Straight away one can see how a balance, a shift in the relationship between political structures and global forces is effected. When you add to that wider issues surrounding governance, let me just take one acid test, fiscality. The welfare states are being drained of fiscal resources, even in the Nordic countries, with the mobility of industrial capital. I saw the threat that was made in Sweden about relocation of the investor companies, Ericsson etc. etc. shifting. The only way of confronting that is a European fiscality and here we find Blair defending the tax loopholes, Channel Islands, the Isle of Man, in other words where there is the possibility of putting flesh and blood on the third way project which is through the development of those forms of governance that can treat with the market on anything remotely like terms of equality one finds a pure economic liberal emerge and not the third way projectionist as the rhetoric suggests.

John Palmer is the Director of the European Policy Centre in Brussels.

Anne Power

1st contribution. I don't recognise the Britain that you three are describing. I recognise bits of it and I recognise dangers and I recognise flashing lights but it isn't the kind of welfare state we've got. If anything, we have a more East European, closer to statist control over our main services than any of the other European countries, if we only take the health service, it's incredibly obvious there, and the attempts that Thatcher made to dismantle that were completely aborted. It was mainly aborted by tripping to America. Maybe the biggest danger is the one that Loïc mentioned on the penal system which I think is deeply alarming.

But I'd just like to take one illustration that, I think, blows apart what he said. The reaction to the mass killing in Dunblane was that one of the first actions that the Blair government was to outlaw all handguns. We don't have an armed police force. I know we have far too many armed policemen but in European terms we don't have an armed police force. Our rate of incarceration is, I think a sixth or a tenth of the American rate.

And going over to the sort of Swedish-Finnish perspective, I thought that one of the most interesting things that you said was about the expanding need for the welfare state and I don't think it's an accident that in spite of the refusal to increase public spending, public spending has gone up on health and education, public spending has hugely gone up on work and not at all on the American

model where you are forcing only women to work and you completely ignore the fact that the biggest unemployment problem is among men. You know, we have done the opposite, and so its fallen for lone mothers. But other young people who haven't got children should join workforce if they can't be offered training instead. So I just think it's terribly important not to over-caricature what's going on while recognising some of the sort of the flashing dangers.

And I'd just like to throw in on top of that two things that alarm me about the way Europeans talk about Britain. One is that there is a disguised informal atrociously paid labour market in countries like France and Germany through illegal immigration. And that shouldn't be ignored. And the Swedish model of integration, I think, has effectively broken down from what I saw in Sweden last weekend where there are mass housing estates about a million units which is a very high portion of the Swedish housing stock which has become very rapidly degraded, very quickly vacated by Swedes, and the estates that I visited, 80 or 90% non-Swede, over half of whom were refugees from non-European countries. So I just don't want any of us to be complacent, I want all of us to see the danger signals in what Loïc Wacquant is saying but also want us to recognise that globalisation is creating these terrible sort of fallouts at the edges and we'll try to mop it up in lots of different ways, we'll try to mop it up through some kinds of welfare reforms, with some kind of new deal

work programme and through some kinds of penal reactions. And how we all get out of the social consequences of globalisation, I don't know but I just think we should be a bit more creative about new ideas, so Blair should be less arrogant and the Swedes should be less complacent and Finns should be a bit more worried.

Dr. Anne Power works at the London School of Economics.

Eeva Lennon

The funny thing is that all this discussion seems to suggest that Blair is moving away from the Scandinavian system while the Finnish social democratic leadership feels that he is moving towards it. In many ways New Labour is now approaching nationalisation and privatisation much more pragmatically. The values of consensus and cooperation are very Scandinavian. As for the welfare state, every day you hear new things – the minimum wage and so on – a whole host of new proposals are coming in. The beginning of Blairism was so different. They had as their starting point the legacy of Thatcherism, whether they wanted it or not. So therefore I agree with Tuomioja when he said that they can't be a beacon for us because our situation is so different, but at the same time I don't feel that it is as far removed from Scandinavian social democracy as people here have made it out to be. They are moving more towards it than away from it.

Eeva Lennon is a London correspondent of the Finnish Broadcasting Company.

Nikolas Rose

I just wanted to make three points very quickly. The first is about condition. Giddens has given an impressive list of all the changes that are happening in our world and suggests that these changes somehow carry along with them some imperatives as to how we might respond. Actually, if you were to make a list of the changes in the 1940s or if you were to make a list of changes in 1910s or if you were to make a list of changes in the 1870s you would make just as dramatic and horrifying list of everything changing. Actually these changes don't determine anything. The changes are focal maybe. There are things around which debates open. They don't in themselves determine anything. The way in which they are responded to depends on thought, depends on political imagination. So I think the first weakness to me of the Blair project is a failure of political imagination, a failure of actually inventing novel ways of responding to a whole raft of different circumstances.

Why do I say that it's a failure of political imagination – and that's my second point. Actually I don't think there is too much novelty in what Blair is saying about the welfare state. In fact, if you look at some of the doctrines of the welfare state in the founding arguments: the emergence of the welfare state was about inculcating personal responsibility, a highly moralistic notion of the welfare state, depending on the twin pillars of the work and the family. You

can find exactly those in Beveridge. What you can't find in Beveridge is what seems to me to be the most pernicious part of the Blairist project, is such an explicit moralism. I accept a lot of what Professor Wacquant said but I think there is a bit of a danger in actually concentrating entirely on the dystopian side of this and the dystopian scenario. One can look at the highly moralistic innovation that's being introduced in a rather less dramatic way, in the way in which the familialisation of domestic and sexual relations is becoming a condition of citizenship on one hand, in the way entry into waged labour is becoming a condition of citizenship on the other hand and the highly coercive ways in which both those things happen. It's paradoxical, it seems to me, that we do want to point out some changes that are going on. You can well point to the fact that both work and the family have existed in the form we have known for about 150 years and they are probably on the way out. So it is daft to base your future imagination on them.

And the third point I wanted to make is that a term which hasn't come up again apart from what Professor Wacquant said in reference to Clinton and that's the term 'community'. It seems to me that it's on this phrase of community, in relation to the community with the whole lot of the responsibility which previously used to be allocated to the state is being devolved. And it seems to me that devolving the responsibility to the community is by no means a panacea. In fact community forms and regulations

– anybody who has studied community form and regulations know – they are highly reactive, highly moralistic and highly restrictive. So I think all those responsiblising measures, all those communitising measures and the notion that there is some imperative change to a particular direction, ought to be questioned. I can't see this Third Way giving answers to some of those difficult questions.

Dr. Nikolas Rose works at Goldsmiths College.

Clearly we have to take account of economic forces, but I think that there is somehow a tendency in Blairism to use global economic forces as an alibi for a retreat from redistributive tax-benefit policies. The nation state still has some power to address inequalities. I agree that it has more power in cooperation with other nation states and that this needs to be used to address global inequalities.

With regard to Tony Giddens' thoughts about responsibilities and what he said about the way Blair thinks that freedom is about self-development, I would argue that rights are also necessary to promote freedom as self-development. In trying to achieve a balance between rights and responsibilities, there's a danger that Blair goes too far in downplaying social rights. Social rights, I would argue, are crucial for the risk-taking that Tony said people should be prepared to do. I think people won't be prepared to negotiate the kinds of risks which face them in the 'flexible' labour market, if there is not a decent set of social rights to underpin risk-taking. Thus, rights as well as responsibilities, arguably are crucial for the Blair project.

I think too that what we have heard about the United States is important. I don't believe that Blair wants to go down the kind of road that Wacquant was talking about. But it is a very clear warning where we could go, if we keep looking over to the US rather than to continental Europe. We have a lot to learn from continental Europe and are

indeed learning some things, for example in the area of family-friendly employment policies. But I would argue that for all the talk in the recent welfare reform *Green Paper* about a welfare state for us all, it is not clear in which direction the Government is facing: a more continental European model or a more residualised model of welfare, taken to its extreme in the U.S.

Finally, redistribution is not just about money (important as that is) but is also about other resources such as work (paid and unpaid) and time. Here, we can learn in particular from some of the Nordic countries where there has been a real attempt to shift the gendered distribution of these resources. This is absolutely crucial in my view.

Professor Ruth Lister, University of Loughborough, wrote her comments after the seminar.

Risto Uimonen

To begin with, I have to confess that I have twice encouraged in my newspaper columns the Finnish social democrats to come to Britain to see what Tony Blair is doing here. So this is the background. The reason why I have done this is that I have been living under the umbrella of the Scandinavian model in Finland for 50 years and, as you heard from Dr Tuomioja and the professor from Sweden, the system has been working very well. It has been a good system. But in Finland that is not so any more, because its seems that we are incapable of solving the unemployment problem in Finland. The size of the public sector in Finland was 63% of GDP a few years ago. Last year it still was 55%. We have high productivity in Finland and we have had very strong economic growth for five consecutive years now. We have low inflation and a stable society. But in spite of this, we have an intolerably high level of unemployment. It rose to 18% and it has fallen only to 13 or 14%, as Dr Tuomioja mentioned.

From my point of view, it once looked like the Finnish welfare system had created a system with practically no employment at all. But today, it seems that it is impossible for the Finnish social democrats, who are the driving force in the government, to solve this problem. It will propably be solved only after 10–15 years when those people born after the Second World War will retire. And this is one of the reasons why I recommended that Finnish social demo-

crats come and witness what is going on here in Britain. By this I dont mean that Tony Blair is a "beacon" but in his political programme there are some features that can be replicated also elsewhere. As Professor Giddens said, Blairism signals a breakaway from the past. From my point of view, it is the determination and the courage with which Blair and his people are trying to cope with the problems they face that should serve as an example also to us in Finland.

Risto Uimonen is a leader writer of the Finnish newspaper Helsingin Sanomat.

One of the interesting key ideas in "Blairism" comes out in the various efforts being made to find or construct new ways of striking a balance between risk and security. As the discussion here and elsewhere has shown this kind of dynamism – i.e. a shift from the stability of security institutions to certain acceptance of risk, i.e. a step towards contingent action horizon – goes beyond and is also understood as an attack against the universal welfare state. No one, however, seriously denies any more that the bid to find a new balance between risk and security is an unavoidable actuality. The Scandinavian model, the only "true" welfare state, may well find itself in a most acute predicament. Because of special communal and administrative ties as well as homogenous cultural and communication patterns, the Scandinavian welfare state has silenty cultivated something I would like to call the moral immunity of institutions. By this I mean their inviolacy and integrity in relation to changes in society and social life, cultural orientations and life politics. Thus when politicians or decision-makers announce that this or that problem should be brought under a collective responsibily, they neither mean the state nor the society but rather the immune institutions whose representatives they are. What this among other things means, is that the welfare state as it were professionally "owns" the social problems. What it also seems to mean is that the immunity routine fosters "attaining the unattainable" and

prevents us and them from seeing radical transformations in relation to, for example, the growing limitations of the welfare system which are becoming increasingly apparent on the one hand and, on the other, the infinite demand imposed on it. As a result there does not seem to exist any atmosphere of recovery, of sobriety, or of polemic and critical confrontation until it becomes absolutely unavoidable. Still, citizens could say that it is precisely because of the achievements of the welfare state that they now see that they can manage without it.

In trying to find a new balance between risk and security, artificial constructions, rational extrapolations or conventional decision-making procedures prove less and less valuable. There has to be some sort of link to what is understood as the soul of democracy as well as with the way in which people feel about their condition and experiences. Not only is there the idea or proposal about the new context of risk but new temporal conditions and possibilities if risk and security are continuously presenting themselves. Instead of following some of the ideas regulating the protonormalcy of risk and security, the welfare institutions become critically confronted with the hidden and flexibible normalcy of autonomous, practical and local contexts. This is a problem that has not been sufficiently discussed. Perhaps it never will. Perhaps this is why we have the welfare state: an easier approach to threats and dangers, a set of expectations that the average citizen can understand. But the issues of risk and security cannot any more be neu-

tralised. For example, Ulrich Beck is in fact signalling with his big idea of risk that we no more can tame certain dangers and threats and that contemporary bureaucracy and management in no way seem to make the picture more hopeful. On the other hand, Blairism, as it were, ignores it or circles around it (or becomes encircled by it) emphasising as it does more traditional ideas of moral purpose, communitarianism or stakeholderism. I just have to finish this comment by saying that in balancing risk and security we become confronted with new kinds of contingencies and possibilities for and values, orientations, decisions whereby people in no way integrate their lives into an intelligible and manageable whole, where they do not in any solemn way restore their civil virtues, become strong or take their destinity into their own hands. The great challenge is to notice that people live in radically different kind of life situations where there is not just one way of balancing risk and security. Some still with expectations of industrial modernity, expecting neutralisation of risks and believing in the strength of expertise, while others believe in pre-modern problematics expecting an harmonious balancing of risk and security, and still others believe in late modern problematics expecting critical confrontation with risk and security, or what is left out of it.

Risto Eräsaari is Professor of Social Policy at the University of Helsinki.

Keijo Rahkonen

I had one question which I would have liked to pose especially to Anthony Giddens. Actually Nikolas Rose mentioned it already in his comment. Namely, my comment concerns an issue called "work society" ("Arbeitsgeschellschaft" as Germans say) and its relationship to the welfare state – to which Giddens refers in his article 'After the left's paralysis' of the *New Statesman* (1 May 1998), and now also in his speech. Since the early 1980s there has been a lot of discussion in Europe, especially in Germany and France (André Gorz, for example) about the end of the work society, crisis of the work society or "implosion of work" (Claus Offe). It were Ralf Dahrendorf and Claus Offe who introduced it, although the term itself goes back to Hannah Arendt's book *Human Condition*, published in 1958. Quite recently it has been taken up again in the US by Jeremy Rifkin in his book *The End of Work* (1995).

Giddens writes in his above mentioned article as follows: "There are fundamental issues relevant to such reform [i.e. of the welfare state] that I haven't discussed here at all: [...] what full employment should mean now and whether we are moving more deeply into, or away from, the 'work society'". Well, I would now have liked to discuss this issue with Tony Giddens. Namely, if there is a kind of double bind, as I call it, between the welfare state and the work society, such a bind that neither of them can live without other (e.g. the welfare state presupposes full

employment and regards wage employment as a primary value), and those prognoses of the end of work are correct, what would this imply? Among other things, I think, it would basically mean that the bottom would fall out of modern welfare state policy, as we know it nowadays. And this would require a reconsideration of welfare state thinking vis-à-vis work society. On the other hand, as regards the New Labour government's welfare-to-work program, it seems to me that it – when trying to push people who are living on welfare to work at (almost) any price – is rather a kind of reaching perfection of the work society for the time being when we are confronted with a prospect of a society without work (cf. Arendt). Should we really aim to the perfection of the work society whatever the sacrifice, or should we aim to downsizing the work society? I think very many relevant questions of the future of the European welfare state depends on our judgement of the question: are we moving more deeply into, or away from, the work society?

Keijo Rahkonen teaches Social Policy at the University of Helsinki. This comment was prepared for but not presented in the seminar due to shortage of time.

2nd contribution. I often ask myself this question: How are Europeans going to retain any commitment to solidarity and defend their welfare state if these global economic forces come through as it seems to be. I think there may be two reasons why we might, and one is that American history and particularly American urban history is completely different from European urban history. Americans have never liked the cities, they always wanted to move out, they never built a welfare state that they would be proud of, all the people signed up to there, on the other hand this minimal, partial, very very grudging sort of welfare state and they always have this unbelievably stark historic racial drive. So there are lots of historic reasons that drive America in the direction that it's gone. And although some of the global trends are similar between the US and Europe, and although Britain sort of sits on the edge of Europe and does have some of these odd characteristics, they are a kind of mixture between communism and capitalism rather than being half way between Europe and America. And so on the European side, our history makes us incredibly dense, I mean, we are all very close to each other, we've had to get decent living in cities. Every single European country is pouring out city programmes in an attempt to hold cities together because, I think, we have no choice, so if the global economy is going to work in Europe and if the European Union is going to work as this larger market, we

have no choice but to keep these things in place because we are all too close together. And historically we are not used to those huge divisions that the frontier created in America. So I don't think it's an accident that as you described between the French social housing and American social housing, you could draw exactly the same story, to draw a comparison between British social housing and American social housing or Scandinavian social housing. It doesn't mean we haven't got any of the signs of ghettoisation, marginalisation, dropping out of work force, low parent concentration, racial tension, all those signs are there, what's different is governmental reactions. And I think that applies equally to reactions of this government. Why was it that Gordon Brown, no sooner had he announced new deal for work, than he immediately announced a new deal for communities. Now that wasn't just a glib usage of the word community, what he meant was, my God, I am about to do something about individuals and I've forgotten about the fact that individuals are all clustered in areas and if we don't do something about areas as well, it's not going to work. And that is a European way of thinking. So I would say we should to try to use that sort of hopeful and optimistic sign on the basis of which some of our new thinking should be built.

John Palmer

2nd contribution. I have a question about European solidarity as well put. The latest projections of economic growth suggest that next year Europe will grow faster [Holtham interjects with doubts] – well it depends where you draw the line in point of time. Secondly, and interestingly the peripheral countries of the European Union are moving to close the wealth discrepancies, both within the European Union geographically and between social classes within their countries. And indeed, they are moving in the direction of welfare with their increased riches. I think we should be very careful with our overseas friends, our Finnish friends and so on, perhaps not to give unquestioning view that there is a received British view of Blairism. There is a very interesting process taking place in Scotland where Blairism is being deconstructed and somehow or other to be reconstructed by the same Labour Party in Scotland. And we are told that 'welfare to work' will be looked at from top to bottom by Donald Dewar because it needs to fit Scottish realities. This is within the United Kingdom. And my last point is the risk of banging on about one point. I do think it is important. The reason why there will be the opportunity for solidarity and the base for counter-global policies, policies that mitigate, moderate, contain, make more answerable, more accountable global forces, is because there is an element of detachment from the global market place taking place in the process of European integration.

The process of European integration is in part creating the potential for a detachment policy. When you are reduced to 8% of your GDP traded on world markets, as opposed to 30 or 35%, you are talking about a fundamentally different situation because the more countries join the process of integration, the more that is true. Leaving quite aside what is happening in terms of the reaction to the Asian situation, World Trade Organisation measures where they are now talking about raising global standards and welfare direction as an intrinsic part of the new trade order, I think the defense of the welfare model, the welfare society model is inextricably linked with moving the policies out of the nation-state which can no longer carry it by itself, faced with global politics, into an arena where there is the possibility of politics treating on equal terms the market.

Suvi Arapkirli

First of all I would like to point out that the Finnish Institute hasn't yet entered this century because among the keynote speakers there isn't a single woman. Then I would like to say to social democrats in Scandinavia that actually it's a misconception to believe that everything is always better in Finland and Scandinavia. For example, here you have free hospital care, free doctor's surgeries and the kids get medicine free-of-charge, so perhaps there is something that you could learn from the UK.

In Blair's speech I was very disappointed to hear that he hasn't put environmental issues as high on the agenda as they should be. For example, my life would be so much better if the trains were running properly and buses were better and you could even take the buggy on them, all that kind of thing, he hasn't addressed them at all. Also in the global perspective, I haven't seen in Blairism anything addressing the actual reasons. For example, why are there these immigrant ghettoes in France and Sweden and perhaps shortly in Finland too? Well, they are there because income distribution around the world is so uneven. Blair hasn't addressed these questions at all. We are giving free range to the WTO which is basically there to support all the big corporations and the situation will get worse. I haven't seen in Blairism anything which will address these problems.

Suvi Arapkirli is the London correspondent of the Finnish Demari *newspaper.*

Replies

Loïc Wacquant

... the constraints are presented as preordained necessary fatal. Constraints are in fact the results of political choices, sometimes the political choices of 15 years ago. But it also means that the political choices that we make today, are going to be the economic constraints of 10 years on down the road. So it is all the more important that we think about of what is open to political choice. Regarding the use of globalisation of course, obviously, the internationalisation of economy is already a reality, and it is creating new constrains. But it is also, I mean, there is reality and there is the myth, there is: what does that imply? What kind of constraints does that really create? How much is actual constraint, how much is pretext, to downsize the welfare state on grounds that have nothing to do with globalisation. I mention just two statistics in this regard. 80% of the international economic exchanges done by the European countries are done with other European countries, the US and Japan. So the key economic competitors are not the low

wage labour countries. The second is, in 1995 the same proportion of world trade was going to international trade as in 1913, so we've only recovered... the First World War and the Second World War created enormous lowering of the portion of economic exchanges that there is internationally. We have only now recovered the level of the 20th Century.

Whenever it is argued that globalisation determines a particular social outcome, it is very important to analyse whether that is actually the case. Right now we do not have the coalition because we have to build them. But in order to build them we have to change the ideological landscape, I mean, we have to do a lot of ideological work that will make these options open again rather than seemingly out of the realm of the possible. And here also lastly on the US versus European dynamism, I mean, I think that most people, most economists agree that the reason why European economy hasn't done well is that it has followed the wrong restricted monetary and budgetary policies. And that it has the capacity of having as much growth and lastly, it is not so much growth that people compare, it's the employment figure. You know, the U.S. seems to do so well because it has low unemployment rate. Well, two sociologists, one in Princeton and one in Vienna did a computation that compared the unemployment rate of Europe and United States of the last twenty years, one factor the incarceration factor. And because of the enormous growth of incarceration in the United States which

went from about 130 inmates for hundred and thousand residents in 1973 to 620 this year, whereas the results would show that the growth of incarceration in Europe is a very moderate one. Well, if you then compute corrective an employment rate taking this into account, Europe has had a lower unemployment rate, 18 of the last twenty years, the period from 1974 to 1994. So, it is important to see that the glorious or the rosy portrait of the American economy that is presented is often not a fact.

Göran Therborn

I would also stress what I tried to convey, it is that the main thing, which is that, I don't think we should look at the welfare state in terms of dangers or worries primarily but in terms of new tasks. And these tasks are getting bigger, this is my main point. There is an increasing demand for welfare state. Well, this is soft spoken, low voiced, often sort of unorganised. But it's empirically very viable, even in the United States for that matter. On the other hand, there is the discrepancy in that the new politics, of which Blairism is very sort of typical or very characteristic expression, does not allow these demands to find expression, to find a voice. And this is, I mean, a major problem for the future of the welfare state. The question is whether the welfare state should be a beacon for the future, or Blairism. I hope that it will be the welfare state, rather than the new kind of media politics. And this is not complacency about Scandinavia. Let me tell you one little story which perhaps shows how serious these new demands are. It was recently revealed in Sweden, it has a public health service, and remains a generous welfare state, social democratically governed with the support of the left parties, and so on and so on, that in a number of old age nursing homes, I guess you would call them, the personnel there, the nurses taking care of these people, they now in many cases don't call the doctor when the old person gets sick, and the reason for that is that they can't pay the bill. Even if it is a public service, you have to

pay a certain amount to get the doctor. And this is happening in the most generous and one of the best organised welfare states. And this is not complacency... indicating the new demands coming up than the complete lack of responsiveness on the part of politicians.

Finally one thing to my old friend John Palmer about globalisation, I mean I don't want to quarrel with you but I would like to sort of .... If you take the OECD capitalism of the world, and the period in 60's, 70's, 80's and 90's, we talk about a long time period and correlate their exposure to foreign trade, it depends on the world market and the size of the welfare state. What you find is a strong positive correlation. I mean it is the world market dependence, in most world market dependent countries, which have built the most generous welfare states, whereas the most hysterical arguments on globalisation and social rights, you find in the United States which has a foreign trade dependence roughly of the kind that the European Monetary Union can have in the future. The constraints of globalisation are not as strong as many people think or fear they are. On the other hand I do think that a viable Europe for a future will need a viable electoral solidaristic coalition. Europe will require a European policy geared to the well-being of the population, which means the issue of social quality of European institutions, of the policies. The purest of a spatial coming together among unions and the single market will no longer surprise. And here, there is one other worrying thing about Blairism. Although it is less anti-European

than Thatcher is, it still has this North American option and the closeness to Clinton and sometimes it might look as if Blair was something like Clinton with his pants off. On the other hand, I mean, I have to say that I do hope that this debate and other debates in Britain will promote more European, more social democratic orientation of New Labour, and like Erkki Tuomioja, I hope that the British game of Blairism is not over, that there might be new roots or more progressive directions.

Erkki Tuomioja

I shall begin with my basic point about Blairism, which is that I do not know what it is. And therefore I cannot accept it as a 'beacon' until I know what it is. I have tried to analyse some of the rhetoric of Blairism. I remain unconvinced and unimpressed by it. I suspect it is more about image, staying in power and winning the next election, than about substance. But hopefully, I may be wrong, and I am willing to give all the benefit of the doubt to the Labour government. But I shall judge it on the results, which remain to be seen. Therefore, I think it is at least untimely to try to present Blairism today as a beacon.

If Blairism succeeds there may be elements which could or should be applied to other European countries. But even if it is a success in a British context, it may only be applicable to other European countries in an adapted form because, as has been said so many times, our countries are different both historically and socio-economically. Of course, the really striking differences are to be found between Europe and the United States, but the differences between continental Europe and particularly the Nordic countries and Great Britain should not be underestimated. Nevertheless, I think we should all have an open mind and learn from each other.

Finland is a small country which, unlike its neighbours has never been a great power, so that we Finns have never seen ourselves as a model for other countries. But neverthe-

less, I think that there may be elements of what we have done in Finland that could be of use to others. I am not saying that everything is perfect – on the contrary, we have lots of things to reform in Finland, for reasons which are common to all of us – global challenges, etc., etc. The nature of these challenges cannot and should not be measured by trade figures alone because they are not a true indication of the qualitative changes which have taken place. In my opinion, what is more important is what has happened in capital relations and in capital movements, rather than trade. This is really a qualitative difference because we were already dependent on trade prior to the First World War. And, as a small country, we have always been dependent on foreign trade and have had to adjust the economy accordingly to try and maintain competitiveness etc. But the conditions have changed and one of the reasons – in my opinion, the main reason – for supporting our membership of the European Union is precisely because it restores the European dimension to politics and political decision-making as well as returning to us some of the powers over controlling and regulating the economy and economic distribution etc. which we had lost on a national level.

But I have to say in response to the question of what is the political or social coalition which can effect this change, that I'm rather pessimistic. In fact, it just occurred to me (and this is not a quotation) that social democrats have never been as strong as they are now in today's Europe in terms of governmental power. But there is no indication

whatsoever of this having any effect on European policies. So, the point is really that you cannot judge by political labels – old political labels tell us nothing. We have a rather strange coalition in Finland, as you probably know. Beginning with the largest party first, it consists of the Social Democrats, the Conservatives, the Left Alliance, the former Communists, the Swedish People's Party, and the Greens. It is a rainbow coalition which incorporates very diverse elements leaving the Centre in opposition. We will find some elements of neo-liberalism in the Conservative Party but not in its official politics. The proponents of neo-liberalism in Finland are not really so active or prominent in politics as they are in the media or in some academic circles. And anyway, we have a strong tradition of consensus politics, which means that any changes take time, and if they are to be effective can only be achieved through broad coalitions.

Chair's Closing Remarks

Ian Hargreaves

Thank you to everybody for participating in this. I think the question proposed – the answer is absolutely obvious – in fact it is a rare thing, isn't it, that the answer to a question is as obvious as this. I think it is quite clear that just as Britain has always had at least as much to learn from the continent as the continent has had to learn from Britain, so, Blairism has as much to learn from other parties of the centre left in Europe, as they have to learn from it. I do think it is important, however, just as a kind of final 30 seconds not to misrepresent Blairism. I mean, Blairism is not actually reductionist about welfare. What Blairism is, is tactically a resistance to further redistribution across the tax-and-spend divide which may amount to the same thing. There is an unworked-through contradiction in what Blairism says about that but in principle, I mean, Blairism is talking about a new system of second pension, pensions for women who primarily stayed at home and been carers of somebody, there is an agenda there for more welfare. And

the other thing that's confusing, I think, to perhaps to some people looking at Blairism from the outside, is that when those who are pro-Blair are driven right against the wall and accused of being supportive of some sort of conservative neo-liberal faction in government, you tend to start replying, well, look what they are doing to the constitution. And of course, Germany has had a federal constitution in the whole of the modern time and so on and so forth, so Britain is in all sorts of ways changing dramatically, but in the continental perspective, in the sense of catching up, forty years behind Bad-Godesberg, you know, that's... Blairism is just coming to terms with social democracy, in one way, but it's coming to terms with it at the moment when the world is – it is not the same world as 1970 – and that is why we are bound together in one set of arguments, because we all live in a same world.

Postscript: The Left's Long March (from Nexus Online)

Gerald Holtham

With the intellectual and political tide running strongly in one direction, as it has been these past twenty years in favour of individualism and commercialism, attempts to define a third way tend to follow a certain pattern.

When communism was thought viable, democratic socialism was the third way. Later, many saw socialdemocracy as the third way. Since electorates persistently rejected social democracy, a third way was sought between it and free market capitalism. This was social market capitalism or, in the UK, stakeholder capitalism. Some are now looking for the third way between it and free-market capitalism....

This is known to the mathematicians as an asymptotic process and its ultimate destination is clear enough.

One 'solution' is to accept the inevitability of free market capitalism and ask whether and how a shrunken state should use its residual powers to ameliorate the worst

effects of that system. Some – notably the right-wing think tanks – do interpret the Blair government's mission as being exactly that.

Another approach is to go back to principles, ask what are the fundamentals of the left wing or ex-socialist value system and seek more actively to promote those, albeit in ways that are consistent with an international market system. This, no doubt, is what most members of the government would really like to do. It can be called the third way since it is likely to involve digging in heels against some aspects of current liberal, individualist orthodoxy.

Beyond Left and Right?

Nonetheless, it is tempting to throw in a losing hand and claim the game itself has changed. The third way is not a new strategy in the old game; it is the way ahead in a totally new game, going beyond left and right. That may be a good PR approach but it will help clear thinking to examine whether it actually makes sense.

People who speak of going beyond left and right often do not distinguish between the policy positions of the left and right in any particular historical epoch and going beyond the notions of left and right themselves. Policies, of course, depend on circumstances and should always be subject to evolution and change and, occasionally, to radical revision. The policy positions of the left and right and the things that divide them will change. But the notions of

left and right themselves have been around since the French revolution; they predate socialism or collectivism of any sort – now thought to synonymous with 'left'. I propose the following definition.

People on the left are those who, looking at any human society, with its inevitable stratifications by power and wealth, think things would be better if more of the power and wealth available were redirected toward the bottom of the heap. That does not necessarily entail any simple tax-based redistribution or hand-outs; there are many ways to reform a system. But the redirection of relative opportunities to the less advantaged is the distinguishing feature of the left. Conservatives believe that any such attempt to redirect opportunity, power or wealth would make society function worse and should be avoided. Reactionaries persuade themselves that society would function better if more advantage were given to the relatively well off.

Left and right, as thereby defined, are not normative terms. If economic activity for the forseeable future is driven largely by self interest (though utopian socialists may regret it), it is perfectly possible for either the left or right view to be correct in a given situation at any given time. Capitalism is a system that works via self-interest. The powerful, but also the gifted and the fortunate, tend to win at the expense of the weak, but also the stupid, feckless or unlucky. A society that allows the results to become cumulative and lead to savage inequalities is one danger but another is a system that stifles enterprise or even self-

reliance by too procrustean an attempt to redistribute the results of economic activity.

That definition of left and right does not encapsulate all of politics. Evidently there are many issues, such as the reform of institutions, political freedoms, the environment, educational methods and, perhaps, gender issues, which can divide people on other than a left-right basis. An important instance is the issue of communitarian values versus permissive or libertarian ones in matters such as drugs legislation and in the framing of social policy. It is notable, however, that the left-right distinction permeates many issues that seem, at first glance, to be independent of it. If a group is discriminated against, be it an ethnic group or a whole sex, it comes more naturally to the left to take up their cause as part of a scheme of change to help the relatively disadvantaged.

If left and right are enduring categories, why is there a current tendency to deny them or to want to move beyond them?

Two reasons are cited; one is bad, the other good. The bad one is that owing to 'globalization' our basic political unit, the nation state, is now impotent to order economc activity or to affect income distribution at all, without grave risk to general prosperity. There is no point in discussing something that cannot be helped so left-right issues are irrelevant. That view, while fashionable, is just plain wrong. There is a growing literature about its errors and limitations.

The better reason looks to the sociology of developed societies. It holds that while in principle the left-right distinction still holds, societies have developed in such a way as to make any left-wing electoral coalition impossible. The mass proletariat with a highly developed class consciousness has disappeared. Most people see advancement in purely personal terms. A successful electoral coalition must include reasonably well-to-do people who are frightened of any talk of redistribution.

It is quite possible to argue about how great a change there has been in popular attitudes and how tight a constraint electoral considerations impose on schemes for redistribution but it is difficult to deny that there has been a shift and a constraint exists. How can one characterise the New Labour response?

New Labour is not monolithic – fortunately. Any reasonably lively movement always has different strains and New Labour is no exception. That fact has been effectively disguised by the convenient device of contrasting 'New' and 'Old' Labour – as if both were homogenous and any disputes were between two clearly defined camps and so were 'external' to New Labour. This fiction had presentational advantages for an election but a fiction it is. Intellectual life presupposes and entails debate, even dispute. The positions I now describe are both 'New Labour' ones. Everyone accepts, as a premise, that the centre of political gravity has moved to the right, owing to the sociological changes described above.

One school argues as follows.

There is no advantage in emphasising any specifically left-wing elements in Labour's programme. Better to talk of the 'radical centre', an oxymoron certainly but some poetic licence is permissible. This recognises the necessity of keeping a large part of the middle class within the coalition. Electoral success precludes any direct or obvious increase in the proportion of GDP that goes on taxation and government spending. The restriction on tax and spend necessarily restricts the redistributive ambitions that it is possible to maintain. (It is incompatible with Croslandite social democracy for that reason.) The most just and humane response is to confine those ambitions to helping the very worst off people in society, those who risk being altogether 'excluded'. While many resources must be devoted if such people are to be helped, they are a small proportion of the population, fewer than 10 per cent, so the task is manageable. The excluded also account for a very high proportion of the most visible social problems, such as crime. So if they can be helped, the pay-off in terms of social peace will be appreciable. While that will require resources it does not consist simply of bigger hand-outs but of helping many of the excluded to find work.

If the necessary resources are to be mobilised to help the excluded, within existing taxation parameters, other aspects of the welfare state, notably middle-class benefits cannot be

permitted to grow. As people's expectations rise, they must be encouraged to make more provision for themselves. This is not popular in itself but is thought to be more popular than the alternative of higher taxes. It is likely to lead to some increase in inequality of provision and the most adversely affected will be the fairly poor, those above the target 'excluded' group but near the bottom of the scale comprising everyone else. People from this group, for example, are the ones likely to be discouraged from going to university by the charging of fees. No-one applauds this; it just seems to many to be the least evil. These are the 'hard choices' often spoken of.

The New Centre-Left

A second school regards that agenda as erring in the direction of caution. It wants a modernised centre-left rather than a radical centre. It accepts tight restrictions on mobilising resources through the state but nonetheless wants to use the room for maneouvre it believes exists. It notes that 'New Deal' for example is a classic case of 'tax and spend'. The cornerstone of Labour's programme, it would have been ruled out by strict application of the no-more-tax-and-spend principle. There is more scope for such judicious departures from orthodoxy.

The extra room they buy should be used to maintain the principle of universalism in welfare services. Universalism is desirable on several grounds. First, while apparently 'expensive' in requiring higher taxes or contributions, it

may actually be efficient. The middle classes may get a good deal in that the extra taxes would still be less than the private charges that are the alternative. That would be true if universal schemes – such as insurance – enjoyed economies of scale or scope. Second, universalism is necessary to protect the position of the poor or nearly poor. The middle classes will not support a decent service if it is quite separate from the private provision they have to make on their own account. Thirdly, national welfare institutions are an important part of the psychological furniture; they contribute to a sense of shared destiny and hence shared citizenship. Fourthly, targeting or safety net services creates financial disincentives for those people on the fringes of qualifying.

Points of Debate

Since those advantages of universalism are clear and uncontroversial, the debate between the two schools hinges essentially on a disagreement about what people will tolerate as taxpayers or what they really want in the way of services. Universalism versus targeting is, in practice, a question of degree rather than either-or. But it tends to be a left-right issue because it comes down to asking how much we are supposed to worry about the almost poor.

It cuts across the communitarian-libertarian divide, however, which exists within New Labour as it does within all British political groups and which is not a left-right matter, as I have defined that. A universalist-communitarian,

for example, lays great emphasis on the insurance principle. People can be made to pay more in if the link between personal contribution and personal desert is emphasised. This is also regarded as morally preferable. Universalist libertarians think contribution should be linked to ability to pay rather than to entitlement and contributions thereby become progressive and tend to merge with the tax system.

Those who are pessimistic that the voters will agree to pay more whichever route is chosen fall into my first group – believing in targeting state intervention more narrowly and depending more on private provision. They can in principle be either libertarians or communitarians. In practice, however, they are likely to gravitate to the communitarian camp. The reason is as follows: targeting welfare benefits on the most needy creates massive adverse incentives for those near the borderline of qualifying as needy. These disincentives can be relieved by extending income-related benefits progressively up the income scale but that is expensive and cuts across the cardinal need for economy. How can we prevent exclusion while increasing the financial penalties on taking work and earning more? The answer is only by making all benefits conditional and bearing down harder on the feckless. A moralistic justification is helpful for such a policy.

There are, of course, other issues which distinguish the centre left from the radical centre. These do not currently include macroeconomics (the preoccupation only of 'Old Labour' at present), though that may change. They do include the extent of labour market regulation, another

area where policy has a potentially direct influence on income distribution.

IPPR's Position

IPPR is not a person, of course, and does not have a position as such. Yet the Institute's writings by their selection of problems to address clearly reflect a philosophy and approach. How does it relate to the large themes I have sketched so far?

The IPPR was recently described as a group of earnest young compromisers. I think it was meant as an insult but in this context it has merit. IPPR has always been concerned with tackling real problems in the here and now rather than sketching utopias. As such it accepts the characterisation of political reality described above that is common to all schools within New Labour. It does regard tax revenue as a scarce indeed precious resource, implying that expenditure commitments must be carefully considered.

Nonetheless, it is clearly of the Left. While it has always been aware of political and electoral imperatives it has not – with occasional exceptions – sought to coin new slogans. It has been more concerned to think through positions than to market them though marketing is essential. That means it has worried about the future of the Left and the current meaning of equality rather than proclaimed that these things are now passé. Two publications of recent years have been called *Reinventing the Left* and *Equality*.

It accepts that hard choices must be made and tax resistance and demographics pose problems. But it emphatically does not believe that the welfare state must end or be slimmed down to a safety net, or even a trampoline, for the most disadvantaged. In some areas, traditional taxing and spending cannot keep pace with people's expectations and targeting is required, leaving more to individual provision. Pensions is an example of that. But in other areas, universalism is of the essence in ensuring equality of opportunity and a sense of citizenship. Education and health care fall into that category as does unemployment provision. Some of the options are spelled out in *Welfare in Working Order*. It is true that *Social Justice*, the report of the Social Justice Commission, in its search for the practical, broached university fees and affluence tests for some benefits but clearly in the context of defining a hard core of key services to which there should be universal entitlement. Ernest compromise, if you like.

IPPR's probings have not rested at a general level. *Welfare in Working Order* looks at the detail of delivering New Deal and *The Inclusive Society* (forthcoming) also examines the nitty-gritty of countering social exclusion. Nor has the Institute ducked the tough questions of how to pay for the continuing welfare state. *Growth With Stability* examined the macroeconomic background and the most recent issue of New Economy proposes new revenue sources for the welfare state. It is firmly optimistic about the future of a welfare state which commands universal consent and supports the weaker members of society

On issues that are not so obviously left-right, IPPR has been a vehement proponent of constitutional reform, including devolution and House of Lords reform (*The State and the Nations*, *The House of Lords*). This interest stems from a continuing 'statist' element in IPPR thinking. While the Institute has been alive to the virtues of self help and civic association (publishing inter alia *Social Capital*) it has always been clear that some decisive action to protect the weaker elements of society must come from the state. If that action is to be well designed, legitimate and accepted, the political system must function well. Ossified or inappropriate institutions are bad for democracy and particularly bad for the Left. The political reform elements in the New Labour agenda recognise that.

Finally, on the delicate issue of communitarianism versus libertarianism, IPPR publications have generally tended to line up with the libertarians. Social cohesion, its publications have tended to insist, must be based on tolerance and a readiness to accept that social formations and ways of life are changing just as fast as technology and in a multi-cultural society are inherently diverse. Of course social judgments are possible, indeed obligatory. Rights do entail responsibilities. But only responsibilities that people really feel can be made operative. Social authoritarianism has little role in IPPR's vision of the Left.

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