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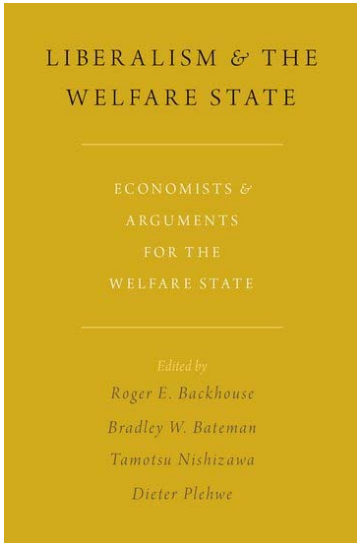



Economists and the Welfare State

The neoliberal Quest against Social Citizenship and the Prospect of the European Welfare State

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LIBERALISM & THE
WELFARE STATE

ECONOMISTS &
ARGUMENTS
FOR THE
WELFARE STATE

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Argument(s)

- State of art: influence of economists due to a) authority/prestige of profession, b) institutional positions, c) diffusion of economic reasoning tools (economic sociology, policy analysis)
- My argument: need to also consider a) epistemic struggles and authority within (and beyond) profession, b) interests related to and / or backing economists and c) infrastructures / social technologies supporting diffusion (sociology of knowledge, political economy, political sociology)

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Economists and the welfare state

- 1) Power of Economic Ideas? Efficiency – Equality Trade-off? How Neoliberalism became economics
- 2) Backdrops: 1930s and the parallel rise of new liberalism and neoliberalism; convergence?
- 3) Social questions: mapping social liberal and neoliberal philosophy/political thought
- 4) Historical Evolution post WW II from social liberalism to neoliberalism
- 5) Differences matter: social citizenship or (more or less social) market citizenship?

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Varieties of
(Neo-)Liberalism

Classical Liberal Core

New Liberalism

Social Liberalism

Neoliberalism

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Traditional Liberal Thought

- Liberty
- Individuality
- Progress
- Rationality
- Sociability
- General Interest (Utilitarianism)
- Representative, limited government
- Democracy: popular rule and elitism
- Equality: participation in benefits of combined labor

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New Liberalism

- Reaction to severe problems of Industrialization (Green, Hobhouse etc.)
- Expanded social responsibility
- Opposite to Spencer's social Darwinism
- Prepares ground for expanded welfare regime vision (Beveridge, Hobson...)
- TH Marshall's social rights following civil and political rights

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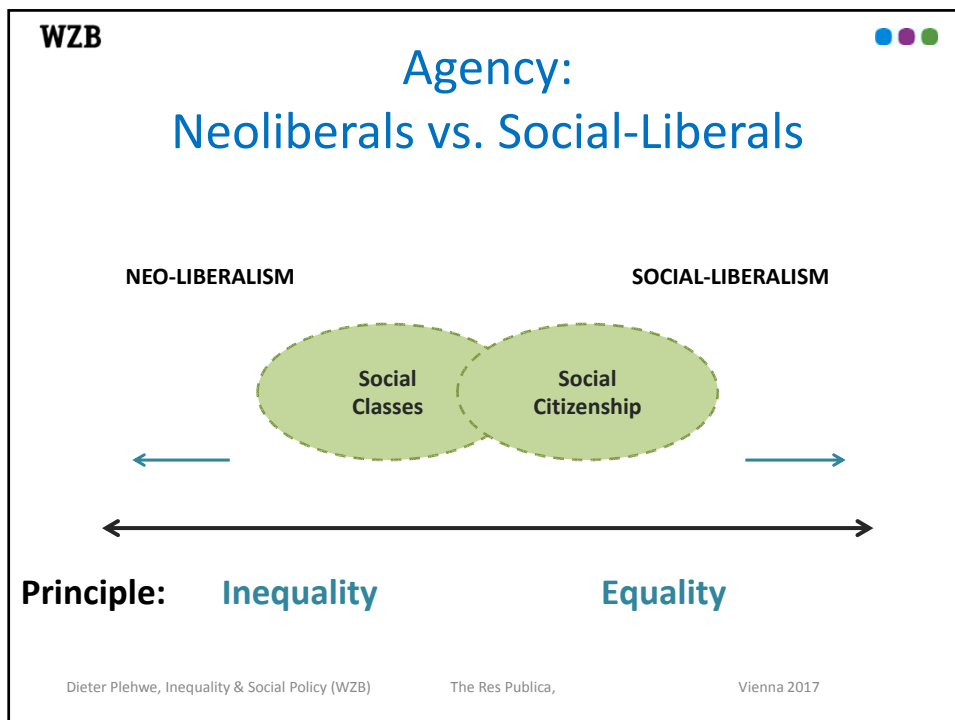
social citizenship revisited

- Social citizenship extends traditional liberal notions of equality (impartial application of law, equality of respect)
- recognition of tensions between subsets, recognition of relevant tension between social class based inequality and social citizenship based equality principles. Commitment to **decreasing inequality**
- Neo-liberal good society: Recognition of need of state, social minimum standards, preservation of free market
- Convergence of language, not necessarily of substantive meaning

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Neo-liberal norm conflicts

- Struggle over meaning of equity, equality and social integration on top of liberty, individualism

Social Liberal Space-	Neoliberal Space
Macro Rationality	Anti-Rationalism, anti-positivism, neoliberal variety of Social Constructivism
Progress	Extremely tangible, anti-teleological understanding of historical progress
Expanded Democratic Rights	Emphasis on Property Rights: ownership and contract, from perspective of competitive order
Economic Rights	Restricted Democratic Rights: output legitimacy
Social Rights, material equality	Social minimum standards, human dignity

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Left and Right

- Bobbio: How do you think about equality

RIGHT	LEFT
Inequality is : <ul style="list-style-type: none"> - Natural more than social - Not alterable - Mostly productive - Does not have a teleological development perspective 	Inequality is: <ul style="list-style-type: none"> - Social more than natural - alterable - Mostly unproductive - Diminishes in history over time
Social integration to secure stability	Social integration to reduce inequality
Social minimum standards not inimical to the market (MPS principles)	Social rights/egalitarian societal perspectives

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Mont Pèlerin Founding conference: origins of norms and principled beliefs

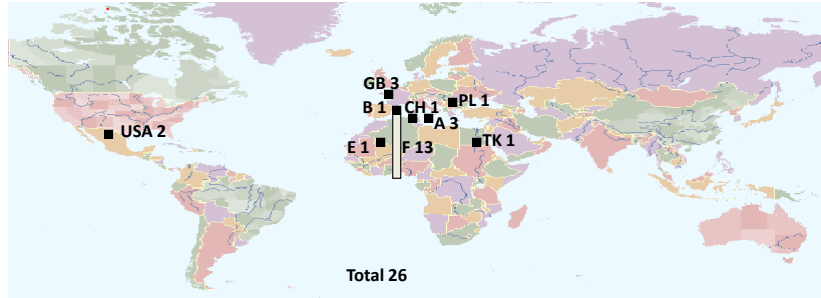
- Analysis of the human nature of the crisis
- New definition of functions of the state / distinguish more clearly between free and unfree order
- Methods to reestablish the rule of the law
- **Social minimum standards that do not undermine the market order**
- Fight against abuse of history against freedom due to moral relativism, teleology (**historism and relativism**)
- Securing an International order for economic harmony

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Colloque Walter Lippmann 1938: The Good Society (Crisis of Capitalism and Liberalism)



Louis Rougier invites to Institut International de Coopération Intellectuelle, Rue Montpensier in Paris (August 26-30). Program to bring liberalism up to date. Acknowledged failure of traditional liberalism, adopted term: Neoliberalism, multinational Think Tank plans: Centre International d'Études pour la Rénovation du Libéralisme

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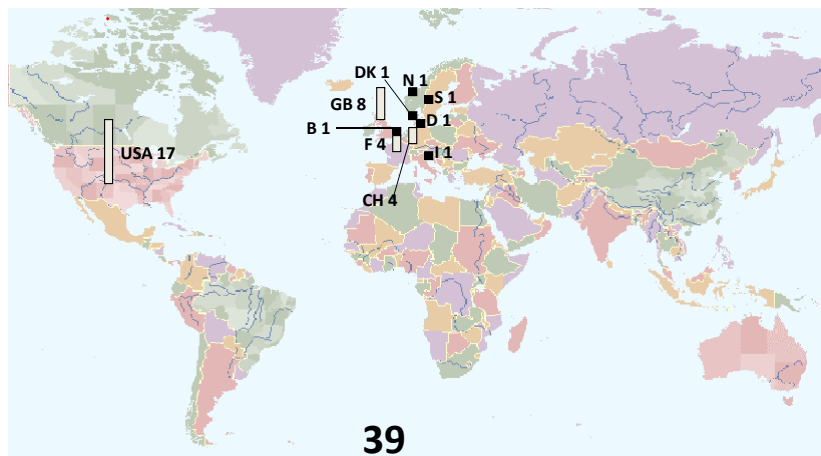
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MPS founding meeting 1947



Hayek: Intellectuals and Socialism. Left wing control of media despite capitalist ownership due to rise of lower classes in higher education; Second Hand Dealers in Ideas; Need to develop own capacities for the long term battle of ideas (two generations)

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Tabelle 1: *Mont Pèlerin Society*, wichtige Funktionäre**Präsidenten**

Name	Zeitraum	Land	Berufsgruppe
Friedrich A. von Hayek	1948–1960	UK, USA, Deutschland*	Wissenschaft (Ökonomie)
Wilhelm Röpke	1960–1961	Deutschland	Wissenschaft (Ökonomie)
John Jewkes	1962–1964	UK	Wissenschaft (Ökonomie)
Friedrich A. Lutz	1964–1967 1968–1970	Deutschland	Wissenschaft (Ökonomie)
Daniel Villey	1967–1968	Frankreich	Wissenschaft (Ökonomie)
Milton Friedman	1970–1972	USA	Wissenschaft (Ökonomie)
Arthur A. Shenfield	1972–1974	UK	<i>Think Tank</i> (Ökonomie)
Gaston Leduc	1974–1976	Frankreich	Wissenschaft (Ökonomie)
George J. Stigler	1976–1978	USA	Wissenschaft (Ökonomie)
Manuel Ayau	1978–1980	Guatemala	Wirtschaft
Chiaki Nishiyama	1980–1982	Japan	Wissenschaft (Ökonomie)
Ralph Harris	1982–1984	UK	<i>Think Tank</i>
James M. Buchanan	1984–1986	USA	Wissenschaft (Ökonomie)
Herbert H. Giersch	1986–1988	Deutschland	Wissenschaft (Ökonomie)

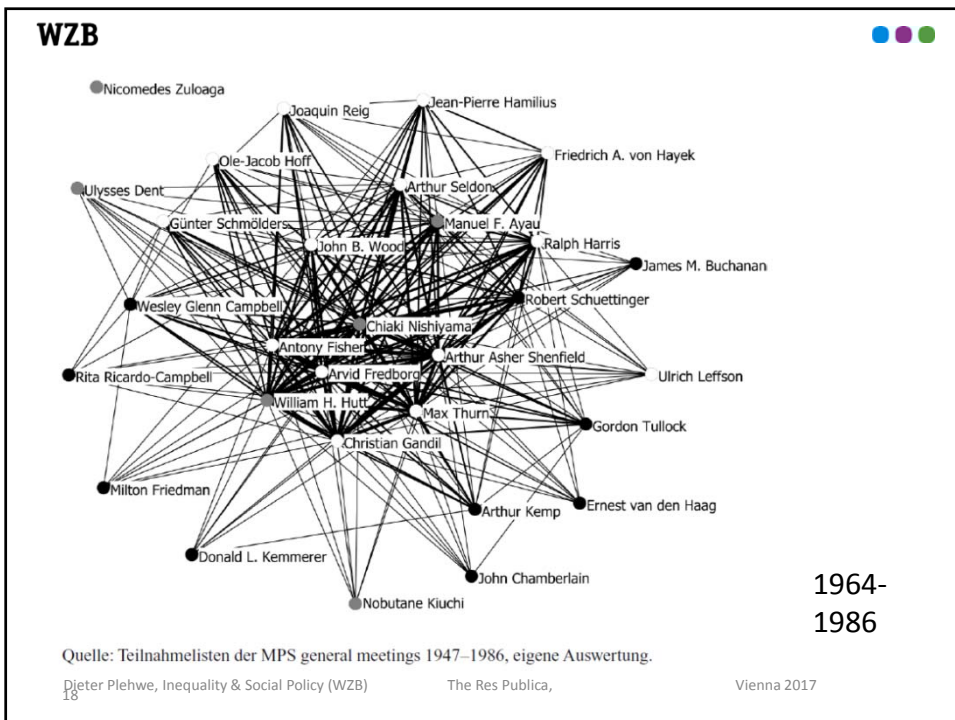
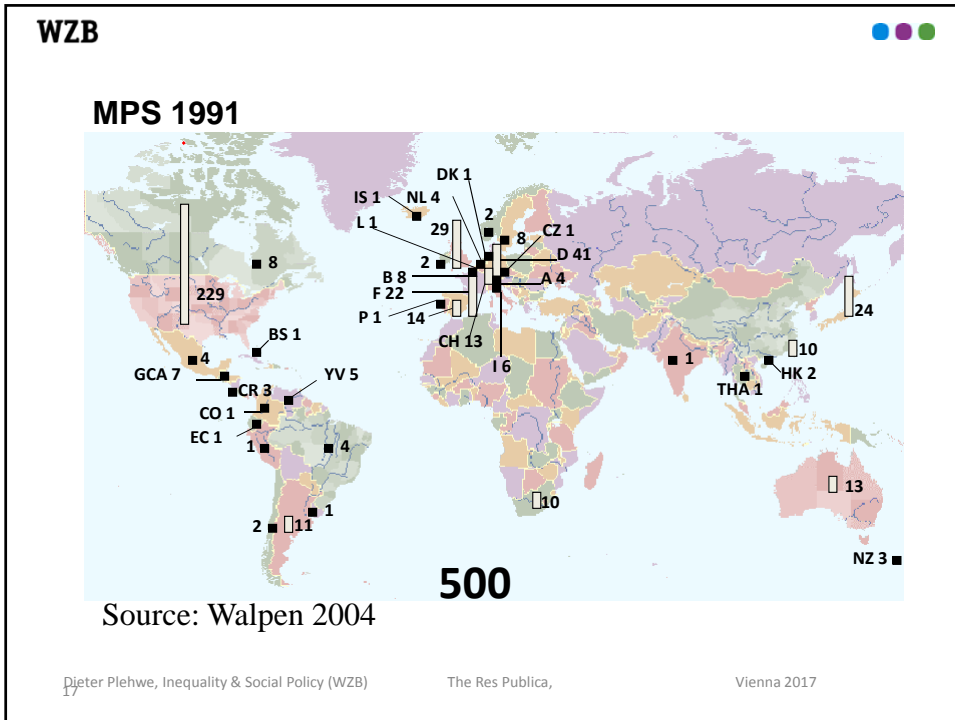
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**Sekretäre**

Name	Zeitraum	Land	Berufsgruppe
A. Hunold	1948–1960	Schweiz	Wirtschaft
B. Leoni	1960–1967	Italien	Wissenschaft (Recht)
R. Harris	1967–1976	UK	<i>Think Tank</i>
M. Thurn	1976–1988	Österreich	Politik

Schatzmeister

Name	Zeitraum	Land	Berufsgruppe
Charles O. Hardy	1948	USA	Wissenschaft
W. Allen Wallis	1948–1954	USA	Wissenschaft
Fritz Machlup	1954–1959	USA*	Wissenschaft (Ökonomie)
Clarence E. Philbrook	1959–1969	USA	Wissenschaft (Ökonomie)
Arthur Kemp	1969–1979	USA	Wissenschaft
Edwin Feulner	1979+	USA	<i>Think Tank</i>



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Interests and Ideas

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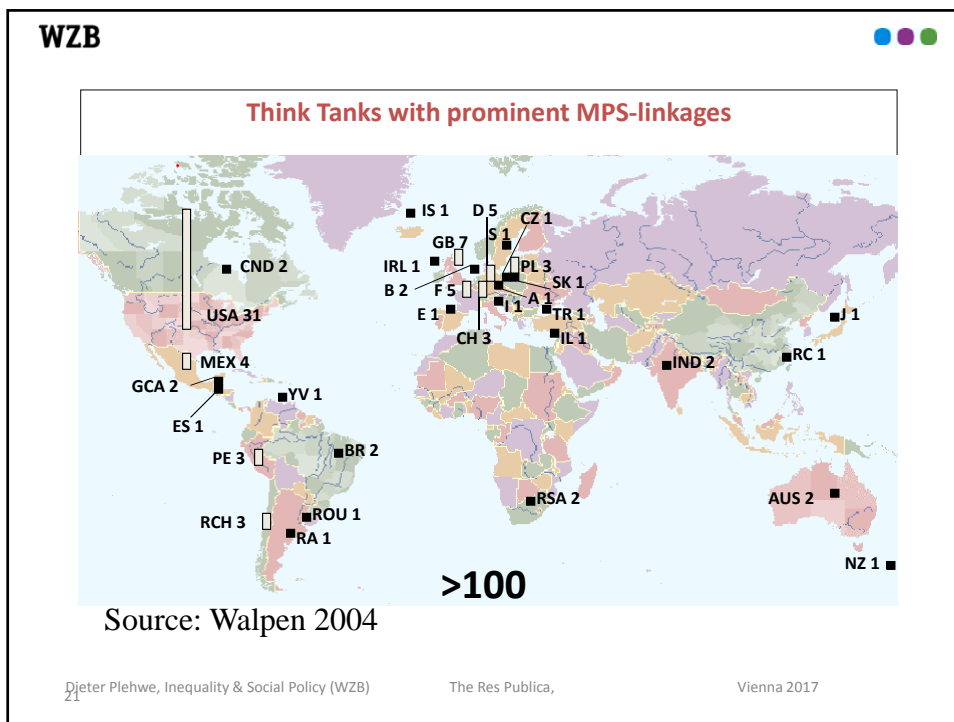
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Development of neoliberal capacity:
MPS think tanks (und predecessors)

Year Range	Number of Think Tanks
1910-1919	1
1920-1929	1
1930-1939	1
1940-1949	3
1950-1959	7
1960-1969	5
1970-1979	18
1980-1989	26
1990-1999	21
2000-	2
N/A	8

Source: Walpen 2004

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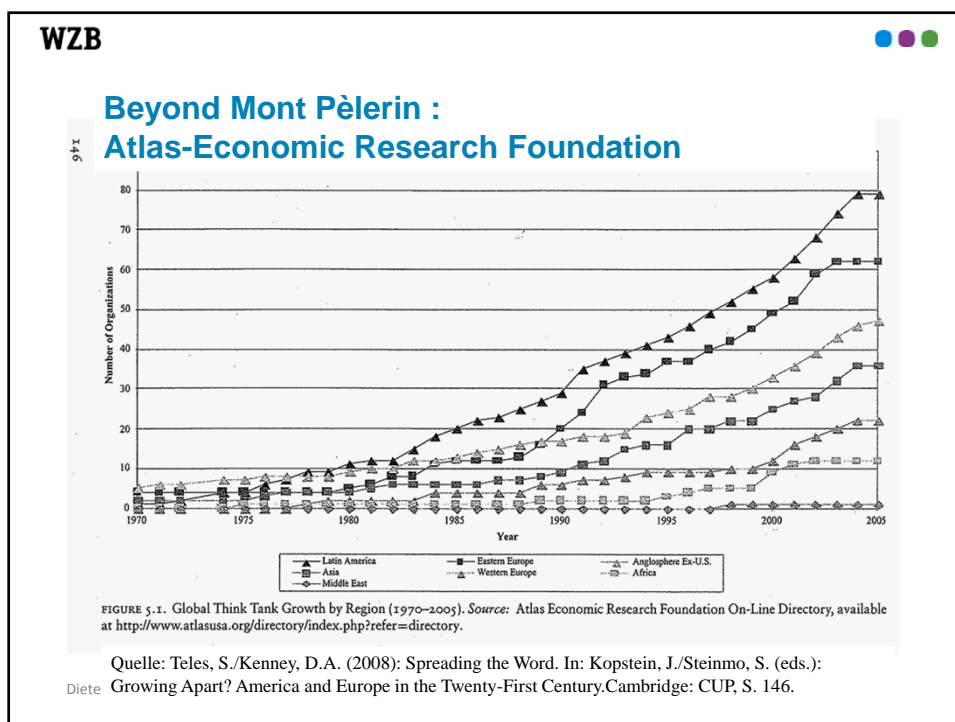
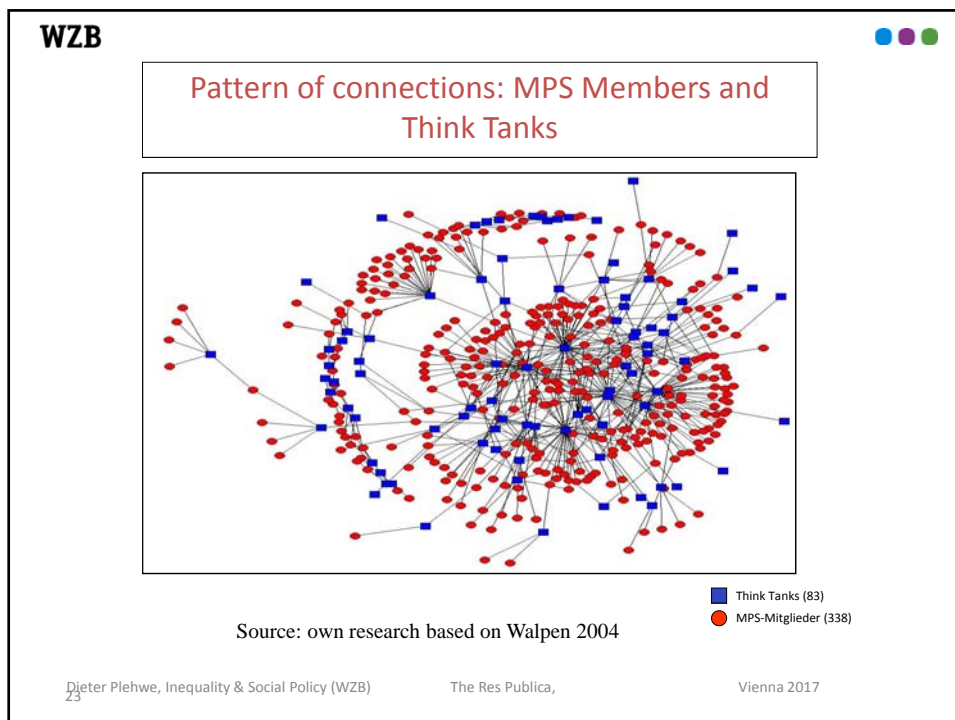
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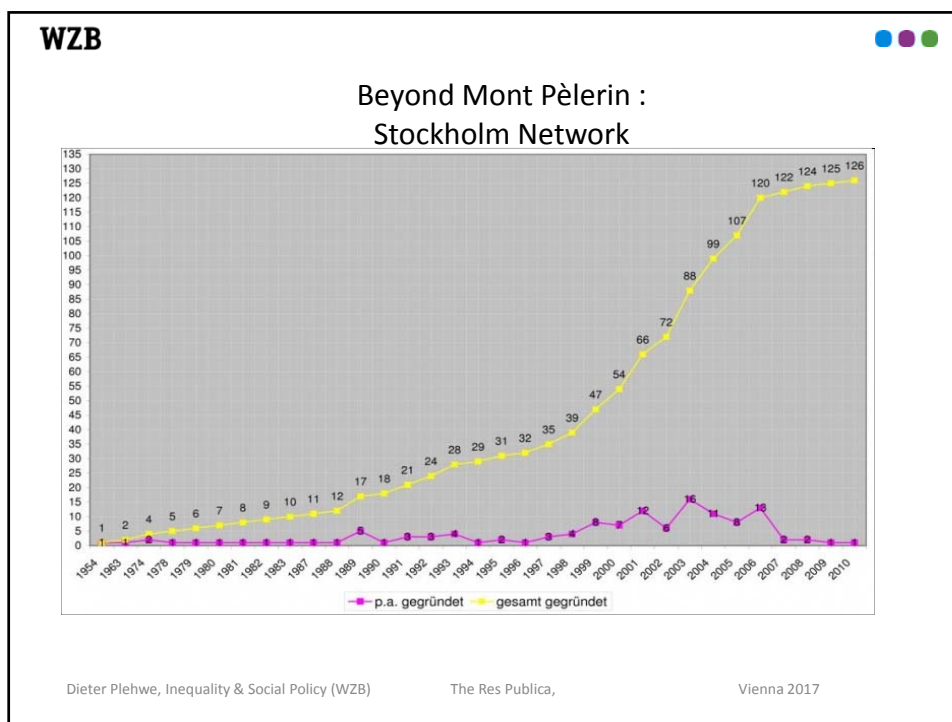
Think Tanks and MPS Intellectuals: Networkers and Safe Havens

MPS Members	TT-Connections	Think Tank
213	1	Institute of Economic Affairs (51)
62	2	Hoover Institution (42)
32	3	Cato Institute (40)
14	4	Independent Institute (39)
5	5	Walter-Eucken-Institut (26)
7	6	
4	7	
1 (Buchanan)	11	

Source: own research based on Walpen 2004

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From social citizenship to (social market citizenship

- Until 1970s
- Expansion of welfare state
- Uphill battle of neoliberals: attempts to limit expansion
- Goal: limiting de-commodification
- Varieties of welfare (liberal, conservative, social democratic)

- Since 1980s
- Reduction of welfare state
- transformation of welfare state: pensions, unemployment, health, education reforms
- Goal: re-commodification, Commercialization, privatization, varieties of retrenchment, austerity

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Conclusions

- Economists are important parts of discourse coalitions: story lines unite narrow and broad constituencies
- Shifting power of interest groups explains (lack of) power of institutional position of powerful intellectuals
- Dedicated infrastructures expand the specific weight of neoliberal economists and help diffusing neoliberal reasoning and social technologies (economic freedom index)

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Post-War: Social-Liberal Era

- Worlds of welfare: establishing secondary redistribution
- “Embedded liberalism”
- Demand side policies & state interventionism, planning, corporatism: manipulating primary redistribution
- No cycle growth period
- Social-liberals under pressure of Socialism
- Welfare state capitalism, momentum towards higher social standards
- Public Debt: fiscal crisis of the state, collapse of socialism




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Crisis of Fordism: Rise of Neoliberal Era

- **Collapse of Bretton Woods:** flexible exchange rates to preserve capital mobility
- **Stagflation:** previous Keynesian approaches fail (not necessarily due to the reasons neoliberals claim: military and social expenditures)
- **OECD response:** McCracken Report, moderate “even handed approach”
- **But introduction to rise of neoliberal hegemonic constellations:**
 - Monetarism, Public Choice, Supply Side Economics, Law and Economics
 - Authoritarian neoliberalism Chile, Argentina
 - New Right: Thatcher & Reagan
 - European Single Market, NAFTA
 - IMF conditions and Washington Consensus
 - Postsocialist Free Market Capitalism
 - Currency board capitalism (from HongKong to Argentina)
 - Short end of history: return of crisis capitalism Argentina, South-East Asia, Russia, Enron, transatlantic financial and economic crisis

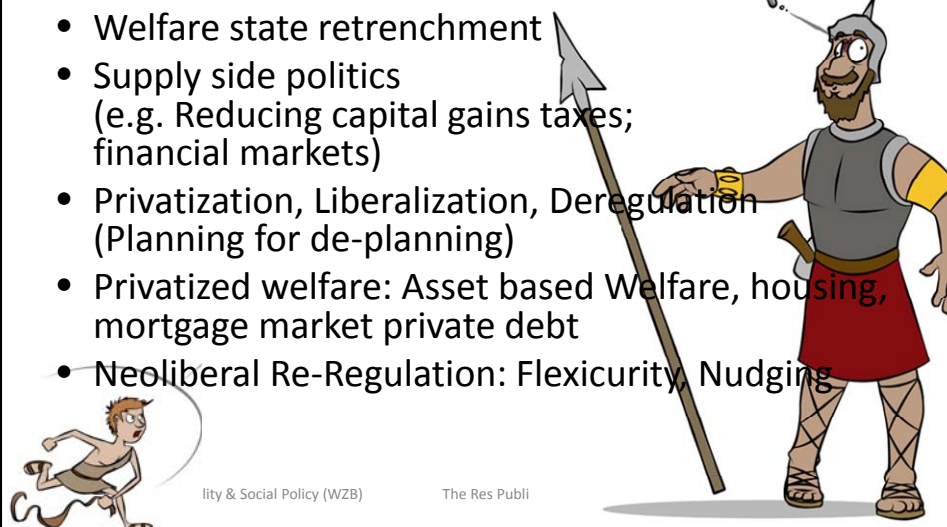


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Neoliberal hegemonic constellations

- Varieties of Austerity capitalism
- Welfare state retrenchment
- Supply side politics
(e.g. Reducing capital gains taxes;
financial markets)
- Privatization, Liberalization, Deregulation
(Planning for de-planning)
- Privatized welfare: Asset based Welfare, housing,
mortgage market private debt
- Neoliberal Re-Regulation: Flexicurity, Nudging

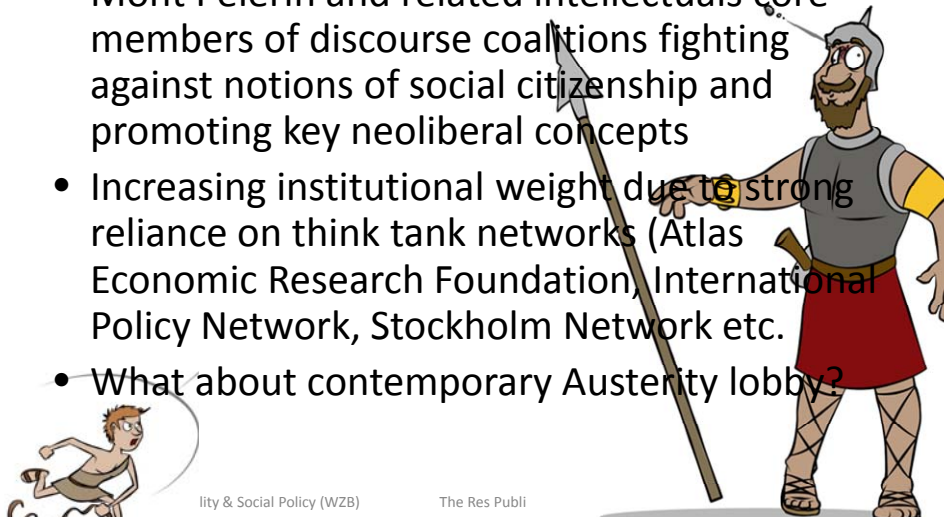


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Neoliberal hegemonic constellations

- Mont Pèlerin and related intellectuals core members of discourse coalitions fighting against notions of social citizenship and promoting key neoliberal concepts
- Increasing institutional weight due to strong reliance on think tank networks (Atlas Economic Research Foundation, International Policy Network, Stockholm Network etc.)
- What about contemporary Austerity lobby?



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Conclusions

- The differences between social liberal and neoliberal ideas matter, maybe more since 1980s than originally, provide compass to „reform“ the welfare state
- (social) market citizenship is not a simple return to classical liberalism, self responsibility and private charity
- Welfare regime transformations, permanent and increasing austerity: offloading to financialized welfare insurance and extended (family) liability (Melinda Cooper)
- Exclusive, shrinking solidarity: reversing expansive solidarity, consolidating „legitimate“ base (neoliberalism and right wing populism, neo-nationalism)

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Preliminary Findings: The Austerity Network I

- We have identified 51 European Think-Tanks promoting strong austerity positions
- The sample was selected from think tanks involved in European political party related networks (European Party Foundations) and two European partisan political networks:
 - The European Party Foundations: (NDF, Martence Centre, ELF, FEPS, GEF, Transform) (*n=179*)
 - Partisan Political Networks : Stockholm Network (neoliberal party independent) & European Ideas Network (also related to EPP) (*n=155*)

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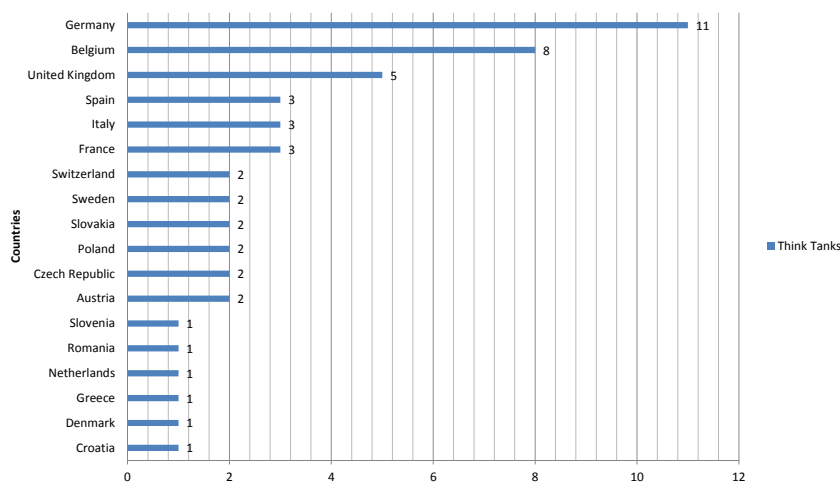
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Austerity Network in Europe

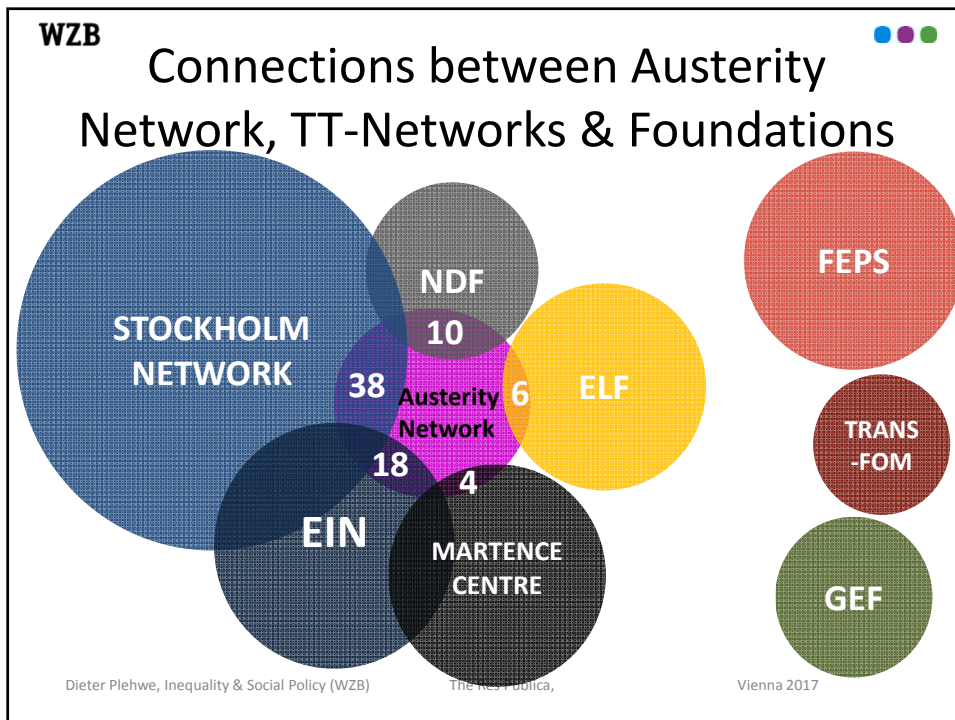
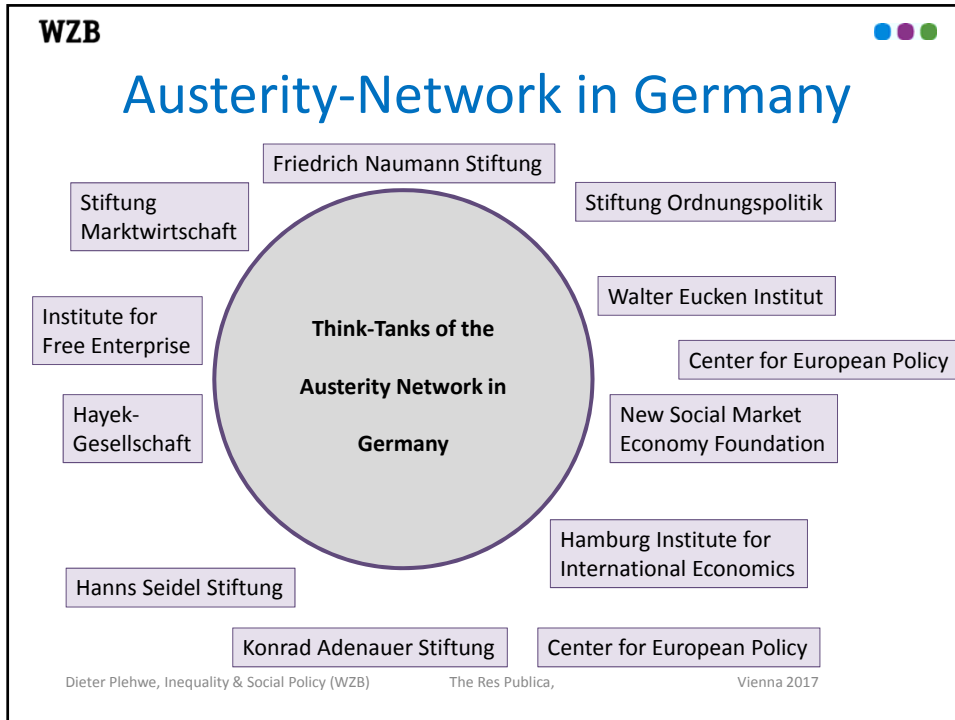
Austerity Think-Tanks / Countries

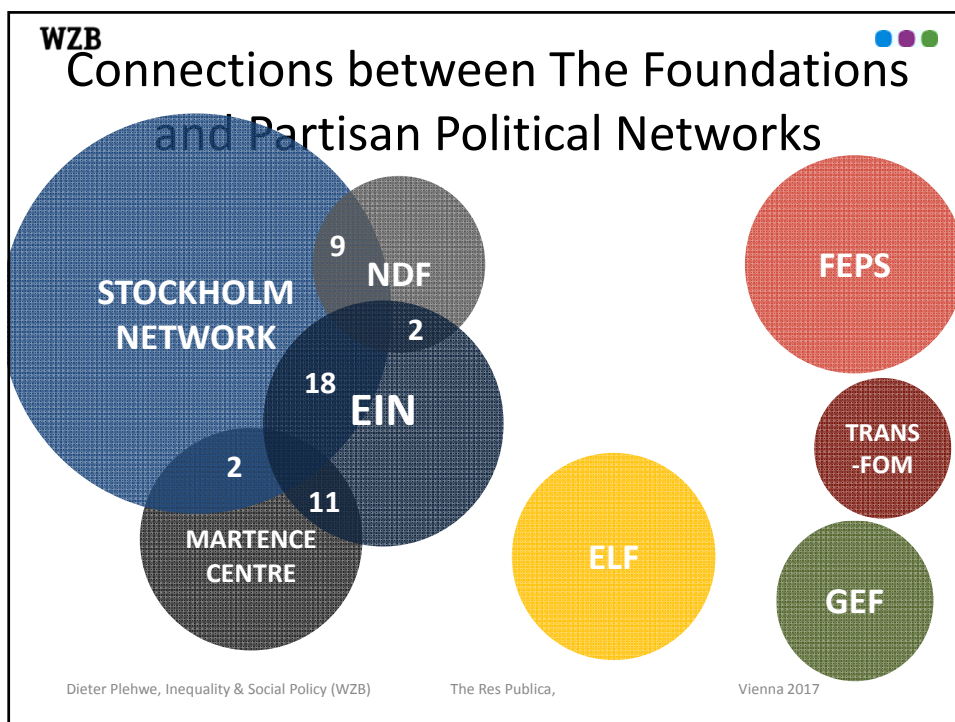


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The Austerity Network

- The Austerity think tank network is situated on the political right, overlaps with conservative and (right-wing) liberal actors in the group of political party foundations and partisan think tank networks.
- Within the austerity think tank network we found personal interlocks (n=104): possibly key networkers
- 75 individuals hold a membership in the Mont-Pelerin-Society; MPS members dominate interlocks (two third)
- Deepen collaborative analysis to elaborate the transnational expert, consulting and lobby/advocacy networks that promote austerity capitalism, explain positions, weight, differences

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Prospect EU social citizenship

- Permanent austerity? Increasing austerity, inequality, though neoliberal acceptance of minimum standards, social integration, more or less pragmatic: key question of social struggles, no return to laissez faire in neoliberalism! Be ready for surprising neoliberals!
- Postneoliberalism? Requires break with neoliberal social integration: transnational solidarity, strong and reliable notion of social „citizenship“, counter competitive federalism, interstate federalism, expand solidarity norm, decomodify the social
- Roadmap: identify neoliberal attacks and confront them (Cameron's partial disintegration etc.), promote fiscal federalism, redistribution, address production system: new globalized industrial citizenship

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