

2016

01

Working Paper

INSTITUTO DE POLÍTICAS Y BIENES PÚBLICOS [IPP]

POST-CRISIS AND THE BRONZE AGE OF WELFARE IN EUROPE

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How to quote or cite this document:

Moreno, L. (2016) Post-crisis and the bronze age of welfare in Europe. Instituto de Políticas y Bienes Públicos (IPP) CSIC, Working Paper. 2016-01

Available at: digital.csic.es

Post-crisis and the Bronze Age of Welfare in Europe

Luis Moreno

Abstract

Has the financial crisis fundamentally weakened Europe's welfare states? This paper assesses the development of welfare states in Europe in the post-war period. During such a period three distinct 'ages' of welfare can be identified: a 'Golden Age' which ended in the mid-1970s, a 'Silver Age' which ran from the 1970s until the financial crisis, and a 'Bronze Age' in the period after the crisis. It is argued that in each 'age' the stability of welfare states has been challenged. Doubts raised now on how to ensure that the welfare states of the future can to meet their commitments of the past. The paper elaborates of the feeling that the current Bronze Age of welfare may just be the prelude to the return of prehistoric social Europe.

Introduction

The welfare state can be defined as a complex of state institutions which provide social policies aimed at improving citizens' living conditions and to facilitate equal opportunities. Social policies are interventions carried out by state public bodies to cover citizens' life risks, mainly in the realms of education, employment, health, fiscal transfers and social security. Social expenditure in welfare states ranges between a fifth and a third of those countries' GDP, and accounts for around half of their total public spending. These features typically characterize the European welfare states.¹

Following the early conceptualization advocated by the German social reformer Gustav von Schmoller (1838-1917), welfare capitalism was to place the emphasis in the need for governments to provide social welfare to employees without relying that employers and corporations would assume such obligations. During the ages of welfare development in the second half of the XX century, the European systems of social protection have followed with a varying degree of generosity the assumptions of von Schmoller. The welfare state --a European invention, after all-- is the institutional foundation to promote social citizenship in the ongoing process of Europeanization.

During the last 70 years, the European welfare states made possible the improvement of citizens' living conditions with a high degree of legitimacy. Looking back in retrospect, a time sequence which started with the *treinte glorieuses*, or Golden Age of welfare capitalism (1945-1975), can be established. A subsequent Silver Age (1976-2007) proved to be resilient in the face of the persistent adjustments introduced in Western democracies to achieve cost containment of social expenditure and to avoid welfare retrenchment. After the financial *crack* of 2007, the question to ponder is whether the present Bronze Age of welfare (2008- ¿?) could maintain the welfare institutional arrangements and performance achieved previously. This paper uses the allegory of the mythical ages of gold, silver and bronze alluded to by the ancient Roman poet Ovid (43

¹ According to Peter Flora (1993), those lower and higher percentages of social expenditure show the distinctive maturity and generosity of the various European welfare systems. If tax breaks and the panoply of 'hidden' fiscal subsidies are taken into account, France reached in 2001 a percentage of welfare spending close to 29% of GDP, which compared to 26 % in Denmark and 17 % in the USA (Esping-Andersen and Palier, 2008).

B.C. – 17 A.D.). According to this sequence, elaborated on the depiction of the Greek poet, Hesiod (in the 7th century BC), each Age is a corruption of the precedent and signals a worsening of the previous situation. The narrative of the Ages of Welfare serves the purpose of illustrating the various stages faced by the welfare states since WWII and its uncertain future.

European Social Model and the Ages of welfare

In broad terms, the European Social Model may be regarded as a project focusing on collective solidarity, social equality and productive efficiency. The principles which delimit the ESM are in contrast to other socio-economic systems where individualistic re-commodification is the feature characteristic of welfare policies (USA), or where the social dumping model is proposed as the means for economic growth (China). The ESM promotes social citizenship, understood as a limitation to economic inequality, better protection for the most vulnerable, and an active social partnership. As a strategic objective, the ESM aims at achieving sustained economic development and welfare sustainability based on social cohesion. The articulation of ‘floors’ or ‘nets’ of legal rights and material resources for citizens to participate actively in society can be seen as a primary concern for European countries. Accordingly, the fight against poverty and social exclusion plays a central role in the European social model (Saraceno, 2010). However, when viewed from below, European social policies appear much more diverse, as a kaleidoscope of sediments and peculiarities, although sharing a common perspective on social risks coverage and the promotion of social citizenship (Taylor-Gooby, 2009; Moreno, 2011). In the EU context, five types of welfare regimes can be identified (see Table 1):

TABLE 1 AROUND HERE

-The Liberal Anglo-Saxon regime was initially patterned by its commitment to a form of universality in the case of the UK (Beveridge Report). Focused on poverty alleviation, it is financed by general taxation and incorporates residual means-tested services and flat-rate benefits. It has more recently pursued a radical shift toward market principles, involving deregulation of the labour market, wage flexibility and

retrenchment in social expenditure. A low level of de-commodification of individuals implies a larger measure of dependence by citizens on the market to ensure their primary income and social protection.

-The Bismarckian Continental regime is organized on the basis of occupational categories and is designed much less to reduce inequality than to maintain status. It is characterized by concerted action between employers and trade unions, and is financed by the contributions they make. Welfare policies by state institutions uphold this arrangement, which is organized through social insurance. There is a sharp distinction between labour market 'insiders' and 'outsiders'. Welfare coverage is therefore dependent on the achievement and maintenance of employment, although social assistance benefits and services are also provided to non-contributory beneficiaries.

The Familistic Mediterranean regime is characterized by the central role played by the family and its interpenetration in all areas of welfare production and distribution. This results in a strong household micro-solidarity and other solidarity networks. In recent analyses doubts have been cast on whether it is adequate to cluster those countries in a common type (Marí-Klose and Moreno-Fuentes, 2013). Southern welfare has performed as a mixed weave of typologies in trying to integrate citizenship programs (social assistance, non-contributory pensions), occupational benefits and services (family dependent entitlements, labour-related benefits), or even universal schemes (education, health care).

The Social-democratic Nordic regime is premised on the combination of solidaristic ideas with growth and full employment, and the minimization of family dependence. It is financed by taxes, characterized by the principle of universality, and favours the public provision of free services rather than cash transfers. The main aim of this type of welfare state is to ensure the equality and homogeneity of social groups within an all-embracing middle class. Full employment is a goal based on broad political compromises and consensual governance.

The Post-communist regime is a new category which emerged after the fall of the Iron Curtain. Although it has been theorised as a welfare regime on its own merits (Deacon,

2000), it remains to be seen whether and how the various national trajectories could possibly converge in a distinctive regime. Their main common denominator for all of them is the institutional and policy legacy inherited from the times of Soviet influence and military domination. It has also been pointed out that two sub-types of welfare regimes could have initiated a process of characterization along the lines of those corresponding to the Anglo-Saxon/liberal and the Continental/Bismarckian (Potucek, 2008).

Prior to the 2007 financial crisis, European welfare states were in a slow –although gradual-- process of convergence towards the middle concerning, among other indicators: income inequality, public expenditure and social protection expenditure. Gini coefficients and the risk of poverty have been reduced slightly, while expenditures have risen in absolute terms (Adelantado and Calderón, 2006). Before then, the politics of the so-called “welfare retrenchment” had in fact translated into a generalized concern for “cost containment” which was illustrated by: (a) a hardening of the criteria of access to and eligibility for welfare entitlements in Continental Europe; (b) a reduction of about 10 percent in the generous welfare benefits provided by Nordic welfare states; and (c) a transfer of responsibilities from the state-public to the profit-making private sector in parts of the British welfare state (e.g., pensions). Nevertheless, in all three instances, approaches to reform had been --at least partially-- path-dependent on those ideas, institutions and interest upon which those welfare states were first built and later developed (Moreno and Palier, 2005). The 2007 crisis --or Great Recession, as it is now labelled-- initiated in the US financial markets and has brought with it serious doubts on whether the European Social Model can be maintained as we have known it until now. In order to envisage future scenarios, it is necessary to examine previous and current developments concerning the Ages of Welfare.

Golden Age (1945-1975)

Throughout the Golden Age of welfare development, the systems of social protection in Western Europe based their expansion counting on the high rates of male labour employment, and on the complementary action deployed by families. Within the latter, the unpaid household work carried out by women was indeed crucial (Lewis, 1997,

2001). Equal access to mass consumption also contributed to strengthening internal added demand and, consequently, to a sustained economic growth. A combination of social policies, Keynesianism, Taylorism and gender segregation facilitated the generalization of a type of 'affluent worker' (Goldthorpe *et al.*, 1969), which was representative of the practical totality of the male salaried labour force of professionals and skilled workers. Governments were able to command-and-control national economies with a high degree of relative autonomy and implemented social programmes to cover human risks and needs that markets and families could not cope with (education, health, pensions, social services and housing, among others). Fiscal consequences for such welfare provision were legitimated by the political support of wide inter-class coalitions (Flora, 1986/87).

Little before the outbreak of the oil crises in the mid-1970s, the sociologist James O'Connor (1973) had warned about the fiscal crisis faced by the budgetary burden produced in those Western democracies with an ever-growing expenditure on welfare policies and services. As paradoxical as it may seem, both neo-Marxists and neo-liberals thinkers shared analogous analytical views about the difficulty of reconciling both rationales of expanding the activities of the welfare state and securing capitalist growth.² The former was instrumental to guaranteeing societal stability despite the unequal distribution of wealth. The latter struggled to maximize high levels of profitable returns to investments according to the logic of capitalist productive efficiency. The welfare state began to make visible the inherent contradiction between the legitimacy of democratic capitalism and the erosion of the means of capitalist accumulation.

All things considered, similar concerns and approaches by EU countries do not necessarily translate into similar decisions and outputs by member states. During the 'Golden Age', for instance, the case for pension reforms in Sweden and the UK illustrated how diverse policies reflected the different capabilities for action by national actors and advocacy coalitions. Let us remember that, after a long controversy in the UK, the Conservative Government implemented a public supplementary scheme in

² The unstable conjunction between capitalism and welfare was depicted in the causal narratives known as the 'O'Goffe' and 'Hayman' tales, in reference to the theses, on the one hand, of James O'Connor, Ian Gough and Claus Offe and, on the other, of Friedrich von Hayek and Milton Friedmann.

1958. However, employees were able --on a voluntary basis-- to ‘contract out’ from it into non-public funds. This was the preamble for Thatcher’s promotion of virtual privatisation of second tier pensions during the 1980s (Myles and Pierson, 2001). In the Swedish case, instead, the Social-Democratic Government was able in 1959 to implement the ATP scheme permitting additional benefits to workers on top of the basic universal pension. This second tier provision remained a public responsibility (Heclo, 1974).

Silver Age (1976-2007)

During the Silver Age of welfare (1976-2007), the maintenance of the emblematic values of liberty, equality and fraternity --foundational tenets of political modernity in Europe-- came to be reinterpreted in a framework where liberty (of those stronger) prevailed over any other consideration. In some majoritarian democracies “winner-takes-all” politics resulted in a widening of income disparities and a further disproportion of fiscal responsibilities. Developments in the USA in the last decades illustrated such effects (Hacker and Pierson, 2010).

Initiating in the Anglo-Saxon countries, and subsequently expanding its influence all around the world, a neo-liberal ideological offensive challenged during the 1980s and 1990s the tenets and legitimacy upon which welfare states had previously developed. Its discourse elaborated on the effect that processes of globalisation of the economy and industrial transformations had had on the national labour markets. In parallel, deep structural modifications had taken place as a consequence of the ageing of population, the increasing participation of women in the formal labour market, and the re-arrangements occurred within households as producers and distributors of welfare. In sum, fiscal crises and the erosion of the ideological consensus which had articulated the ‘Mid-century Compromise’³ gave way to the recasting of welfare states in Europe (Ferrera and Rhodes, 2000).

³ By which there was a compromise between a primary framework of property ownership and social rights in advanced industrial countries representative of welfare capitalism. This mutual concession made feasible the institutionalisation of conflicts latent between capitalist inequalities and equalities derived from mass citizenship (Crouch, 1999).

TABLE 2 AROUND HERE

Despite institutional specificities, the adaptation of the European labour markets to global competition produced welfare convergence more evident within each regime. After the implementation of the Stability Pact and Growth of 1998, and the introduction of the Euro currency, which began to circulate in 2002, the concern of the European countries to contain public expenditure further intensified (as the case of pension reforms clearly illustrates). Despite the policies put in place aimed at the containment of public expenditure, social spending as a share of GDP maintained its levels in most European welfare states (see Table 2). The Silver Age of the welfare state showed limitations but also a high degree of resilience in resisting pressures of a diverse nature.

Bronze Age (2008- ?)

With the outbreak of the 2007 crisis, the European welfare states confronted new scenarios of austerity aggravated by economic policies favouring fiscal consolidation, and the eruption of the so-called ‘new social risks’ (NSR). The latter were associated mainly with societal changes in the family and the labour market, together with shifts from bureaucracy to post-bureaucracy, informal to formal work, non-commodified to commodified work, or Fordism to post-Fordism in a globalized world (Esping-Andersen *et al.*, 2002; Williams, 2007).

The growth to limits, or maturation of public welfare policies covering ‘old’ social risks (e.g. illiteracy, old-age, sickness or unemployment), had brought to the fore during the Silver Age of welfare new proposals for articulating a private-public *welfare mix* as the best means for the procurement of people’s well-being and, thus, providing social benefits and services covering NSR. These related mainly to four societal transformations associated with: (1) higher participation of women in the formal labour market; (2) an increase in the numbers of frail and dependent elderly people; (3) the rise of social exclusion for workers with poor education; and (4) the expansion of irresponsible private services and the de-regulation of their public counterparts (Taylor-Gooby, 2004).

As a consequence of the emergence and extension of NSR, vulnerable groups increasingly experienced new needs in four broad areas: (i) balancing paid work and family responsibilities (especially child-care), (ii) being called on for care for a frail elderly relative, or becoming frail and lacking family support; (iii) lacking the skills necessary to gain access to an adequately paid and secure job, or having skills and training that become obsolete and being unable to upgrade them through life-long learning; and (iv) using private provision that supplies an insecure or inadequate pension or unsatisfactory services (Bonoli, 2005).

The question on whether NSR are inducing new welfare re-arrangements in the Bronze Age of welfare is a pressing one in most EU countries. It concerns not only how NSR may be reconciled with the delivery of old core commitments and policies, but also their articulation by the multiple actors involved in the various contexts of European governance. Until now, NSR do not seem to add up to a new paradigm of welfare provision, but they are conditioning future responses and the very survival of European welfare, as we have known until now. During the transition to the Bronze Age of welfare (2008-?), neoliberal globalization has sponsored self-interest and the individualistic *hybris* as main codes of social life. Not surprisingly, the uneasy compatibility of both welfare and capitalist logics was put under further strain by the effects produced by the 2007.

TABLE 3 AROUND HERE

A look at Table 3 on public social protection expenditure is illustrative of the difficulties that EU welfare states are to face in the light of increasing and fierce competition in the global markets put forward by the Anglo-North American model of ‘casino capitalism’ and re-commodification, and the so-called ‘neo slavery’ practices induced by emergent economies, such as those of China and India. Both strategies are aimed at gaining competitiveness and a position of economic global prevalence (Berlinski, 2010; Bales, 2004).

Post-crisis welfare development

Indeed, the effects of the 2007 financial crack have been far-reaching and its economic impacts have so far been more pathological than those produced by the 1929 crash. Let us consider, just as an illustration, that the GDP growth of an advanced industrial democracy such as Italy had persistent negative growth rates after 1929. The country needed five years to reach the same GDP level in 1934 (Krugman, 2012). Such dynamics have not been paralleled in Italy after 2007. As a matter of fact, during the period 2008-2015, Italy has seen its GDP diminished in -8.5%.⁴

The Great Recession has meant spending retrenchment in a number of welfare policies. Let us remind that EU's European Stability Mechanism (ESM) was created in 2011⁵ so as to facilitate the signing of the Treaty on Stability, Coordination and Governance (TSCG), which was later adopted by all EU member states, except the Czech Republic and the United Kingdom. Such mechanism has functioned as a permanent fireball to safeguard and provide instant access to financial assistance programmes for countries of the Eurozone in financial difficulty.⁶ However, those countries facing higher levels of public debt were to face the implementation of cuts in social policies for the sake of fiscal consolidation.

As it could not be otherwise, financing of welfare programmes and social policies were first in line to be scaled down. However, traditional analyses to assess the evolution of social spending in matured welfare states are often insufficient to grasp the very nature and variety of the changes implemented (Clasen and Siegel 2008). Since the times of

⁴ The EU as a whole reached the pre-crisis GDP level at the end of 2014, something that the USA did in mid-2010.

⁵ The so-called Fiscal Compact came to integrate the action carried out by the previous European Financial Stability Facility (EFSF). Already the European Council held on 16 December 2010 agreed on the modification of the 1992 Maastricht Treaty to allow Euro countries to count of financial support to control public debt and national deficits (Galgoczi, 2013).

⁶ The Treaty establishes that the annual budgets of the member states must be balanced. A balanced budget is one with surplus or having a deficit not exceeding 3.0% of the GDP, and a structural not exceeding a country-specific Medium-Term budgetary Objective (MTO). The latter at most can be set to 0.5% of GDP for states with a debt-to GDP ratio exceeding 60% - or at most 1.0% of GDP for states with debt levels within the 60%-limit. Country signatories of the Treaty introduced subsequently national legislation, including reforms in their constitutions, to incorporate the paramount principle of 'budgetary stability' concerning all level of administrations and government.

the Silver Age of welfare, European welfare states have faced important transformations not always directly reflected in their levels of social spending. Examples of such policy shifts are the introduction of labour activation or conditionality, the extension of targeting in policy provision, the de-universalization of benefits and services, the recognition of new entitlements to ‘emerging’ groups, re-commodification and the introduction of new mechanisms of citizens’ control and normalization (Bonoli and Natali, 2012; Colino and del Pino, 2015).

Among the various challenges faced by the welfare state in Europe that concerning its sustainability is prominent (Lindbeck, 2006). First, the question about the fiscal implications remains high in the political agenda: Are taxpayers willing to maintain their support to welfare policies and services as they have been doing in the last decades? A second dimension of welfare sustainability falls within the politico-social realm and relates to the capability of welfare bureaucratic structures to adapt themselves to the expectations of users and the improvement of their efficiency in policy delivery. Thirdly, a sustainable welfare state is to be based upon the congruence of its axiological legitimacy. Europeans have embraced values which have steadily supported welfare systems based upon the tenets of equality and solidarity (Calzada *et al.*, 2014). However, and despite that public attitudes towards the welfare state are positive throughout Europe (see Table 4), some proposed reforms meet also popular support (e.g. cost-containment of pensions, or generalization of schemes of basic income for the least-favoured people).

TABLE 4 AROUND HERE

Moral considerations are always central in ideological programmes of those government parties wishing to keep their commitment for the care and emancipation of the needy (Glennester, 2013). Also for ‘amoral’ selfish reasons the aim of equity can be very functional in societies with high internal disparities in the distribution of resources and income (Wilkinson y Pickett, 2009). Below these lines Table 5 reproduces data of the European Social Survey (2014) regarding the considerable support in various European countries for the achievement of the goal put forward by governments to reduce differences in citizens’ income levels.

TABLE 5 AROUND HERE

A general emphasis on multilevel governance facilitating activation, gender equality, intergenerational solidarity and work-family reconciliation is noticeable in all five EU welfare regimes facing post-crisis developments. In general, responses articulated by European societies have pointed to the promotion of multilevel governance in both functional and territorial realms of social life. While bottom-up claims for autonomy in policy-making have put forward the request of re-allocating governmental responsibilities, social partnerships between private, public and altruistic sectors have aimed at improving arrangements for welfare provision. Both vertical and horizontal dimensions link closely to the European tenets of territorial subsidiarity and democratic accountability (Moreno, 2003, Oosterlync *et al.*, 2013).

Multilevel welfare governance and the welfare mix

Transnationalization has brought about the gradual decline of the role of the nation state as the ‘sovereign’ actor in social policy-making. In parallel, sub-state political communities have reinforced their claims for subsidiarization in welfare provision. Both processes of transnationalization and subsidiarization have questioned the centralized action of nation-states by putting forward the idea of territorially differentiated packages of public and social policies. Models of ‘command-and-control’ majoritarian democracy, as well as of vertical diffusionism of power are thought to be in terminal retreat. The ongoing re-scaling of nation-state structures and political organization is in line with Europe’s principle of territorial subsidiarity. Processes of ‘unbundling of territoriality’ are already having a direct impact on citizens’ living conditions, following the notion that social policy decision-making ought to be located at the level closest to the citizen.

The purpose of subsidiarity is seen to limit the power of central authorities.⁷ “Proximity” and “proportionality” aim at promoting a protective measure against over-

⁷ The principle of subsidiarity enshrined in the Treaty on European Union of 1992 (Maastricht Treaty) implies that decisions be taken supra-nationally only if local, regional or national levels cannot perform

expansion of European control in matters resting upon the jurisdiction and prerogatives of each layer of government in a multi-tiered Europe. It also seeks to encourage co-ordination to manage growing interdependencies very much as happens with functional subsidiarity. The latter is articulated by societal stakeholders and civil society actors, who often come together to influence policy making, increasingly at the meso level of government. Both functional and territorial subsidiarity go hand in hand with the second guiding tenet of Europeanisation: democratic accountability. There cannot be any further development of politics in Europe if decisions are taken behind-closed-doors, as often happens in opaque state-centred polities (Scharpf, 2003; Schmidt, 2006).

The development of a European supra-national welfare state --and its corollary of top-down social policy-making-- is unlikely in the near future. Rather, a compound of national, regional and local levels will combine their inputs in order to meet peoples' attitudes, perceptions and expectations. Already, market forces are aware of the possibilities of rescaling territorially their activities in order to maximize investments. These processes of rescaling and "unbundling of territoriality" are expected to have a direct impact on citizens' living standards in their localities and regions of residence (Somerville, 2004; Kazepov, 2010).

Indeed, social policy-making is highly shaped by local cultures and life styles, and is less likely to be dealt with in a homogenous and centralized manner from a supra-national entity (Ferrera, 2005; Moreno and McEwen, 2005). In the past decades, regions have come not only to re-assert their political identities by means implementing policies for welfare development. They have been effective in advancing social citizenship, particularly in those areas of labour activation, social assistance, care services and the policy closure of safety nets of welfare protection (Fargion 2000; Arriba and Moreno 2005, 2010; Kazepov 2008). Such a course of action runs hand in hand with a growing implication of the Third Sector and NGOs, the for-profit welfare provision of policies and services to the general public, as well as that of corporate welfare. All these developments, together with the regulatory role carried out by governments, have coalesced into a 'welfare mix' which postulates itself as an aggregate of preferences to

better. In other words, the preferred locus of decision-making is as decentralized and close to the citizen as possible (van Hecke, 2003).

conciliate ideological differences and to optimize future sustainable welfare and social cohesion.

Conclusion: Back to prehistoric social Europe?

EU countries are striving to adapt their political decisions and policy instruments to confront the post-crisis in the Bronze Age of welfare (2008- ?). They do so while trying to secure welfare state entitlements of the past Golden (1945-1975) and Silver (1976-2007) Ages. In parallel, the ESM is challenged by individual re-commodification and emergent neo-slavery, practices instigated in other world regions to gain economic competitiveness. Within the global context, such alternative socioeconomic models seek to maximize returns through the use of low-cost labour force by strategies of 'race to the bottom' in social protection. Both models promote the transfer to each individual of those public responsibilities --with greater or lesser inputs from families' and civil society-- which have been the hallmarks of the European welfare state. Future paths of evolution seem to indicate a possible direction towards asocial Europe (Moreno, 2012).

Cross-cutting most social policy reforms implemented in the various European welfare regimes, the objective of labour activation has been paramount. However, such commitment to workfare has translated into interventions of a diverse nature. In some EU countries the accent has been put in the reinforcement of citizens' rights and entitlements; in others, the social and political condition of the employed has been relegated to a subordinate role on achieving economic competitiveness. The so-called 'flexicurity', which has proved to be effective in countries such as Denmark, has been articulated as a combination of labour market flexibility and security provided by the Nordic model of welfare state. As a whole, the EU has suffered the effects of the deep Great Recession with an increase of unemployment and social tensions which now threatens seriously social cohesion in the Old Continent.

The latest impact of massive immigration of refugees into Europe from war battlefields in the Middle East has complicated the objective of preserving the European Social Model. The reaction and rise of the populist and xenophobic parties, particularly in Eastern Europe, is raising doubts about the effectiveness of EU institutions to articulate

policies concerning all European countries as a whole. Social unrest in countries with a high rate of unemployment, particularly among those social groups composed of the so-called young adults, are putting additional pressure on welfare systems to maintain future inter-generational legitimacy.

Public social policy in Europe has followed a pattern of growing interdependence with services and benefits provided by the social Third Sector, as well as with inputs by responsible corporations and associations of the civil society.⁸ On demanding services such as those related personal care or pre-school education, for example, individuals also claim a higher degree of choice which includes both the voluntary and for-profit private sector. The progressive coalescence of a welfare *mix* aims at meeting citizens' demands particularly as regards NSR. The working out of such policy synergies and 'meeting points' ought not to be regarded as the means of replacing the 'traditional' functions of the welfare state, but rather as a way of optimizing the ultimate objective of providing wellbeing services in European post-industrial societies. Together with solidarity, efficiency is emphasized in most political discourses by social and political actors.

New programmes and policies of 'social investment' aim at responding to welfare mounting challenges by means of empowering citizens from their early years of life and, in so doing, securing added value in the formation of European human capital (Hemerijck, 2014). Likewise, European societies share the view that public and social powers are responsible for the protection of the needy and excluded and for guaranteeing social justice by means of promoting equal opportunities. All of it unequivocally points to the maintenance of high fiscal contributions from all tax-payers and, differentially, from the better-off according of the principle of progressive equity.⁹

⁸ The term "corporate responsibility" deals with a wide range of issues concerning the private sector. The label "social" is added in reference to the operations of companies and business in their relations with society. In concrete, corporate social responsibility (CSR) may be defined as a concept whereby private corporations integrate social and environmental concerns in their interaction with their stakeholders, in particular, and with society, in general, on a voluntary basis (Moreno, 2010).

⁹ 'Progressive equity' relates to the idea that those who enjoy a wealthier position in society should contribute more to the common good. It lies at the very basis of the financial organisation of the European welfare states. This social value is particularly reflected in the framing of progressive taxation systems. Such a collective understanding contrasts with other approaches, such as the popular preferences in the US for individual re-commodification and flat-rate taxation (Moreno *et al*, 2011).

In any of the possible, probable and desirable future scenarios, the limits of the European welfare state are to be taken into account, especially considering the intrinsic contradiction between both capitalist and welfare rationales. Neither of them can justify the aspiration of unlimited economic prosperity achieved by means of ‘free’ and virtuous markets, or with the accomplishment of total wellbeing for the citizenship at large.

In the Old Continent, attempts to derail the European project are put forward by those in favour of civilization values not congruent with the axiological and institutional bases of the welfare state. Human avidity and greed has been encouraged by the new type of “casino capitalism” and global neoliberalism. Both are main factors causing welfare deterioration. In post-crisis Europe there is an observable reinforcement of the glamorous appeal of possessive individualism (Macpherson, 1962), particularly in larger segments of the middle classes. Only the effective use of those power resources channelled by European voters can preserve public social policies and services in accordance with Europeans’ expectations. It can further neutralize the feeling that the current Bronze Age of welfare is just the prelude to the return of prehistoric social Europe.

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(TABLES TO BE INCLUDED WHERE INDICATED IN THE TEXT)

Table 1: European welfare regimes

Regime type	Features and policies	Countries included
Anglo-Saxon	Policy targeting (means-testing)	Ireland, United Kingdom
Continental	Bismarckian contributory social insurance	Austria, Belgium, France, Germany, Luxembourg, Netherlands (Switzerland)
Mediterranean	Familistic and mixed	Cyprus, Greece, Italy, Portugal, Spain (Israel, Turkey)
Nordic	Universal provisions of social policies	Denmark, Finland, Norway, Sweden
Post-communist	Residual and dual	Bulgaria, Czechia, Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Romania (Russia)

Source: Moreno, 2011; Denstad, 2014.

Table 2: Social Expenditure as percentage of GDP (EU-15)

	1980	1990	1995	1998	2002	2005
Continental	28.1	29.6	30.1	28.8	29.3	29.5
Nordic	25.6	28.1	32.1	30.1	28.8	28.2
Mediterranean	15.0	18.0	22.2	23.7	24.6	24.1
Anglo-Saxon	21.5	24.3	27.7	26.8	27.6	26.8
Average EU-15	-	-	27.7	27.1	27.4	27.8

Note: Unweighted averages.

Continental Europe: Austria, Belgium, France, Germany, The Netherlands; **Nordic countries:** Denmark, Finland, Norway, Sweden; **Mediterranean:** Greece, Italy, Portugal, Spain; **Anglo-Saxon:** United Kingdom

Source: Eurostat (database)

Table 3: Public social protection expenditure (mid-2000s) (% GDP)

Countries and zones	Social expenditures (public)	Health expenditures (public)	Total social protection expenditures
China	4%	2%	6%
USA	9%	7%	16%
EU-27	17%	7%	24%
World	9%	5%	14%

Source: Moreno, 2015

Table 4: Preferred Goals of the Welfare State, Eight European Countries (2008)

Country	Jobs for everyone	Health care	Std. living for old	Std. living unemploy.	Childcare services	Paid leave from work	Mean six aspects
Spain	7.66	8.96	8.83	7.73	8.30	8.20	8.28
Portugal	7.29	8.77	8.88	7.33	8.25	8.17	8.12
Norway	6.03	8.96	8.66	7.34	7.97	8.19	7.86
Sweden	6.04	8.66	8.48	7.39	7.92	7.90	7.73
Germany	6.26	8.40	7.60	6.46	8.02	7.37	7.35
U. Kingdom	5.94	8.74	8.53	6.00	6.93	7.16	7.22
France	5.86	8.02	7.94	6.12	7.14	7.17	7.04
Switzerland	4.84	7.66	7.23	6.28	6.47	6.11	6.43
Average	6.32	8.54	8.28	6.82	7.66	7.55	7.53

Notes: Questions posed: Should or should not be the responsibility of government to: Ensure adequate health care for the sick; Ensure a reasonable standard of living for the old; Ensure a reasonable standard of living for the unemployed; Ensure sufficient childcare services; Provide paid leave to people who have to care for sick family members.

0 = not government responsibility at all; 10 = entirely government responsibility.

Source: European Social Survey (ESS4, 2008).

Table 5: Should the government reduce differences in income levels (2014)

Country	Agree strongly	Agree	Neither agree or disagree	Disagree	Disagree strongly	N
Austria	40.3	43	10.1	4.8	1.8	1,755
Belgium	27.7	43.5	13.1	11.7	4	1,762
Czech R.	22.9	33.4	24.5	13.8	5.4	2,063
Denmark	8.5	28.3	23.6	29.8	9.8	1,472
Estonia	33.9	44.2	13.2	7.5	1.2	2,010
Finland	33.2	39.7	15.8	9.1	2.2	2,070
France	34.3	36	13.5	9.7	6.5	1,909
Germany	24.6	48.3	12.6	12.9	1.6	3,026
Ireland	30	46.3	12.7	8.9	2.1	2,311
Netherlands	18	39.7	18.4	21.2	2.7	1,904
Norway	17.3	40.2	24.6	15.9	2	1,424
Poland	39.5	39.8	10.3	7.5	2.9	1,578
Slovenia	43.2	40.7	8.3	6.6	1.2	1,191
Sweden	20.9	46.2	23.2	8.4	1.3	1,753
Switzerland	17.2	41.3	19.2	17.9	4.4	1,512
Total	27.4	41.2	16	12.2	3.2	27,740

Source: European Social Survey (ESS7, 2014)
