
European Union and Reforms and Transformations of the Social – Welfare State

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Summary: This article is focused on the concept, definition and typology of the Social (Welfare) State in the framework of the European Union. The idea of Social (Welfare) State developed in political, social, political, legal and constitutional thought. According to the author there are no fundamental difference between the concepts and terms of Welfare State and Social State.

The article defines political, constitutional, legal and socioeconomical targets of Social (Welfare) State.

In the center of attention are changes, reforms and transformations of the Social (Welfare) State in the framework of the states – members of the European Union, namely the new Member states from central Europe.

According to the author it is realistic to consider regional types of Welfare State or Social State corresponding with the social systems which have been accepted for a long time by civic consensus in the individual regions of the European Union and particularly in their significant states. I suppose that in the framework of the European Union it will be the mixed systems of conservative, corporate, liberal and social democratic types of welfare state, with the strong influence of neoliberal tendencies – compare the impact of the policy of the World Bank and the International Monetary Fund.

Keywords: Social state, Welfare state, European Union and Social (Welfare) state, concept of the Social (Welfare) state, definition of Social (Welfare) state, typology of Social (Welfare)

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1. The concept

The reasons for the modest development of European Union solidarity are inseparably political, legal and cultural. Until now European political elites discovered, with varying degrees of support from their electorates, that it was in their interest to help social protection confined within national boundaries.¹

We suppose it correct to consider the Welfare State and Social State with reference to their goals, as the assurance of dignified life and general standard of living of the citizens of the given state,² i.e., not only as the assurance of social benefits for the needy (the minimum of the generally recognized standard of living), but also in the field of public health (standard medical care on the basis of health insurance and security codified by the state),³ in the fields of ecology and culture.⁴ Moreover, it is not only the terms of Welfare State and Social State that we encounter in historical development. Less frequented were also the terms of societal state, social service state, social security state, welfare capitalism, or social Welfare State.

According to Franz-Xaver Kaufmann „After World War II social policy expanded in an unprecedented way, connected to two new formulas designed to denote the place of social policy in post – war society. The first formula, Social Market Economy aimed to integrate the economic and the social. The second formula social state, the German version of welfare state, was contained in the post – war constitution of the Federal Republic of Germany 1949, the Grundgesetz (1949). (The year before, 1948, had witnessed the creation of the British welfare state). The year 1949 marked a double state building ... which reflected the link between social policy and nation building. ... the West German Constitution of 1949 was the first to establish the social state as constitutive principle of the German policy, not to be changed even by a majority in Parliament“.⁵

¹ Barbier, J.-C., *The Road to Social Europe*, Abingdon, New York 2013, p. 135.

² Esping-Andersen, G., *The Three Worlds of Welfare Capitalism*, Oxford, Cambridge 1991, p. 3 ff.

³ Barr, N., *The Economics of the Welfare State*, Oxford 2004, p. 7; Večeřa, M., *Sociální stát, východiska a přístupy*, Praha 1996, pp. 25–29, 86–100; Kotous, J., Munková, G., Štefko, M., *Obecné otázky sociální politiky, Ústav státu a práva Akademie věd České republiky*, Praha 2013, pp. 59–71.

⁴ Fujii, T., *Ecology and Development*, IFSSO (International Federation of Social Science Organizations) Newsletter No. 31–32, 1993, pp. 33–58.

⁵ Kaufmann, F., X., *Variations of the Welfare State*, Heidelberg, New York 2013, p. 3; According to Article 20 (1) of the Basic Law The Federal Republic of Germany is a democratic and social federal state. Cf. KOMMERS, D.P., *The Constitutional Jurisprudence of the Federal Republic of Germany*, Durham and London 1997, pp. 35–36, 510.

We should like to emphasize that we see no fundamental difference between the concepts and terms of Welfare State and Social State. Rather it is possible to say that in some countries the Social State with the quality of its services to the citizens approaches the concept of Welfare State, while in other countries it merely affords the basic social and health care required for the sustenance of life.⁶

The political, constitutional and legal targets of Welfare State or Social State activities include, in our opinion: 1. to secure man so that he could implement all fundamental qualities of the right to life⁷ contained in the internationally recognized codes of human and civil rights (including the EU Charter of Fundamental Rights – the Lisbon Treaty which incorporated the EU Charter into EU primary law); 2. to reduce inequality and to create the feeling of security;⁸ 3. to prevent undesirable social tension in society⁹ contributing substantially: a) to the increase of criminality, b) to the increase of extremist and terroristic movements, whether of extreme left or extreme right character, c) to the possibility of origin of new social revolutions. Particularly in the last mentioned case (sub c) it would be erroneous to believe that with the exit of communism from the historical stage the possibilities of social revolutions have also disappeared forever. These revolutions may manifest themselves under the most diverse ideological labels including religious fundamentalism.

The socio-economical targets of Welfare State include in our opinion: 1. to ensure manpower reproduction¹⁰ (through universal health care¹¹ and preparation for employment) in accordance with the needs of national economy and social standard; 2. to organize active employment policy¹² and 3. to increase the purchasing power of the population and so enhance the development and stability of economy.¹³

⁶ Kaufmann, F., X., note 5, pp. 33–34.

⁷ Kersbergen Van, K. and Vis, B. *Comparative Welfare State Politics*, Cambridge University Press, New York 2014, pp. 78–102; Yerkes, M., A., Peper, B., Baxter, J., *Welfare states and the life course* (in Greve, B., ed., *The Routledge Handbook of the Welfare State*, London and New York 2013, pp. 105–113.

⁸ Barbier, J., C., note 1, pp. 36–61.

⁹ Pojman, L., *Terrorism, Human Rights and the Case for World Government*, Lanham 2006, pp. 75 ff., 80; Blahož, J., *Human Rights and the Fight Against Terrorism* (in Blahož, J., Balaš, V., Klíma, K., Mrázek, J., Večeř, J., et al., *Democracy and issues of Legal Policy in Fighting Terrorism: A Comparison*, Praha 2009, pp. 256–261. Kersbergen Van K. and Vis, B., note 6, p. 40.

¹⁰ Kersbergen Van K. and Vis, B., note 7, pp. 48–50.

¹¹ Wendt, C., *Healthcare* (in Greve, B., ed., note 7), pp. 347–357.

¹² Nordlund, M., *Active labour market policies* (in Greve, B., ed., note 7), pp. 115–124.

¹³ Kersbergen Van K. and Vis, B., note 7, p. 185 ff.

Therefore the concept of Welfare State must be considered not only as a concept of a humanitarian state protecting the really needy human beings (particularly the intention to ensure that social assistance be addressed to individuals requires the continuous improvement of this concept), but simultaneously also as a means of protection of the whole society and global community against increasing social as well as ecological tension the consequences of which could threaten seriously the stability of human coexistence on the world scale.¹⁴

To simplify the analysis which follows we shall use the uniform term of Welfare State with the aforementioned reservations. There are many typologies of the welfare state but the most important is the commonly accepted typology presented by Esping-Andersen: The Liberal welfare state, the Conservative Corporate welfare state and the Social democratic welfare state.¹⁵

If we consider the existing works on Welfare State and particularly the classification of Welfare State types defined in writings, we shall observe the classification given in the work by Gosta Esping Andersen which is still valid, although with some significant modifications.

We conclude that it is important to remember that Esping-Andersen's story of the three worlds of welfare capitalism is for all intents and purposes, a typological classification that effectively grouped together empirically the many worlds of welfare capitalism and rearranged them into three distinct types. To a considerable degree this seminal typology, so the data tell us, is still relevant for understanding the various worlds of welfare capitalism today.¹⁶

2. Changes, Reforms and Transformations

However, not only the concept of the Welfare State proper, but even its implementation, will represent a very serious problem. Both problems can be expected to undergo substantial changes and transformations in the process of Welfare State regionalization in the framework of the European Union.

¹⁴ Blahož, J., On the Concept of Fundamental Human Right to Favourable Environment. *The Lawyer Quarterly*, Volume 1, No. 3/2011, pp. 170–180.

¹⁵ Esping-Andersen, G., ed., *Welfare States in Transitions*, London 2007, p. 121 ff.; Kersbergen Van K. and Vis, B., note 6, pp. 64–65; Kersbergen Van K., What are welfare state typologies and how are they useful, if at all? (in Greve, B., ed., note 7), p. 143; Donnelly, C., M., *Delegation of Governmental Power to Private Parties, a comparative Perspective*, Oxford 2009, p. 64 ff.; Kersbergen Van K. and Vis, B., note 2, pp. 64–65; Esping-Andersen, G., note 2, p. 30.

¹⁶ Kersbergen, K. and Vis, B., note 7, pp. 68, 69, 77.

After reaching its maximum in the seventies, the parabola drawn by the Welfare State of the western European Countries has begun its declining phase.¹⁷ The deceleration in the rates of growth in the Industrialized Countries, the progressive expansion in the range of services provided by the State to wider and wider shares of the population, the introduction of automatism which loosened the check on public expenses, the run up of increasing expectations nourished for political-lobbying purposes all these attitudes and events have eventually produced that fiscal crisis of the State which now calls for sharp corrective measures aiming to provide again the economic system with efficiency and energy.

„The reduced ability to provide generous social programmes, infrastructure, and low rates of taxation is a direct consequence of the massive levels of debt that have been built up for the past several decades; and these debt burdens, according to rational choice theorists, are a consequence of political officials spending public money as a means of ensuring their reelection, or of unaccountable bureaucrats demanding excessive budgets“.¹⁸

The deep changes that took place in the morphology of contemporary society, in which the industrial sector no longer plays a central role, produced important modifications in the structure of social demand. With the segmentation of the old social classes we are witnessing the emergence of new social elements, new values and new needs which, according to the circumstances, take up the features of demands for a better quality of life, enhanced autonomy and opportunities of self-realization, and more frequent and wider social participation.¹⁹ Such demands are met neither by the centralized and bureaucratic structures of the Welfare State, nor by the neo-liberal policies.²⁰

The building-up of a trade-off between efficiency and economic growth on the one side, and solidarity among the different social groups on the other side, pose the undeferrable problem of entirely reform the structure of the Welfare State.²¹ The crux of the matter lies in the need for maximizing equity together with efficiency and the sustainable growth of the economic system. And yet no formula is able to define the optimal relationship among equity, efficiency and growth.

¹⁷ Esping-Anderson, G., *After the Golden Age? Welfare State Dilemmas in a Global Economy* (in Esping-Andersen, G., ed., note 15, pp. 1–31.

¹⁸ Fierlbeck, K., *Globalizing Democracy*, Manchester 2008, p. 158. Crouch, C., *Post-Democracy*, Cambridge, Malden 2005, p. X.

¹⁹ Barbier, J., C., note 1, pp. 65–75.

²⁰ Donnelly, C., M., note 15, p. 62.

²¹ Kersbergen, Van, K., Vis, B., note 7, pp. 27–30, 103 ff., 123 pp.

Although it is true that equity brought beyond a certain limit is prejudicial to efficiency and growth, it is not easy to understand where this limit lies. In this situation all a social researcher can do is to analyze the most significant elements cropping up out of the existing crisis of contemporary societies and to investigate their likely evolution.²²

A certain tendency to regard the activities of the Welfare State or Social State as charity has been brought about by negative experience with central management and, particularly, implementation of Welfare State activities in the course of which these activities in almost all countries of the European Union were subjected to excessive bureaucracy, abuse and waste of public means. The correct trend, even on global scale, is the maximum decentralization of Welfare State activities to the lowest tiers of local government while preserving the conceptual and control power of central authorities, in the future possibly including the authorities above state level and regional communities.

The experience with the negative impact of centralization in the implementation of Welfare State functions are well known from European countries – Great Britain, Italy, France – as well as from the USA. At the same time the decentralization of Welfare State activities connected with concrete benefit distribution brings about incorrect tendencies to consider Welfare State activities as charity stigmatizing the recipients of these benefits. I consider it necessary to emphasize again that the activities arising from the functions of the Welfare State are the activities of the modern responsible and responsive state or the activities arising from the concept of supranational institutions.

„The welfare state was the way in which society came to terms with the consequences of modernization. The enormously dynamic character of capitalism implies that political actors are permanently confronted with the new social, economic, and political issues to solve. Since the capitalist system has an inbuilt tendency ... to produce periodic crises, the welfare state must respond and seems to move from crisis to crisis. Its demise has been predicted more than once. Yet, in the light of the permanently changing circumstances of development and recurring economic tribulations, the welfare state's survival skills have proven to be remarkably well developed“.²³

A considerable amount of scientific literature concerned with the processes of unification of the European Union and the present world has been produced for several decades. This literature concerns not only social sciences, although

²² Fierlbeck, K., note 18, pp. 112, 191, 211 ff.; Gearty, C., *Can Human Rights Survive*, Cambridge 2006, pp. 17 ff., 60 ff.; Crouch, C., note 18, p. 3 ff.; Keller, J., *Soumrak sociálního státu*, Praha 2005.

²³ Kersbergen, Van, K. and Vis, B., note 7, p. 30.

the attention focused on this problem by social sciences is most intensive. The authors seek not only a system of world security, but also joint responsibility for its development as a whole and in its individual parts, as the world is being increasingly integrated.²⁴

The fast collapse of the communist world system, i.e., actually the end of the second world, has aroused great expectations in respect of universal integration processes in all fields.

In many states, where market economy had not existed for over forty years and in which their citizens in productive age had never come into contact with it in their own country, the market economy was introduced in the course of two years.

We are witnessing a remarkable phenomenon. In all post-communist countries the state-planned economy is transformed into market economy, based on private property, by means of laws. In this analysis, we abstract from the fact, whether it is accomplished completely (e.g., in the Czech Republic) or whether this process has not been fully completed yet. Decisive is the fact that in the developed pluralist democracies market economy developed very slowly and without, we could say „creative“ intervention of law.

It should be noted that social consensus concerning fast privatization and introduction of market economy, if we consider consensus generally and without detailed specification, originates relatively fast.

Even greater differences can be observed in the creation of social consensus in the social field and, consequently, in the creation of the Welfare State.²⁵

The opinion of a major part of the population of these countries, however, is considerably schizophrenic in this respect (and it is no wonder): on the one hand they welcome privatization and introduction of free market, on the other hand they cherish subconsciously a wish, which is difficult to overcome, that the care-taking state should continue.²⁶

The Czech Republic asserted the introduction of the liberal model, based primarily on the responsibility of the individual. With regard to the problem of social tension which could be connected with this transformation the legal model of the transition from the paternalist socialist type to the residual system of liberal type is gradual and phased. The target is evident—the reduction

²⁴ Merrit, R., L. and Russett, B., M., ed., *From National Development to Global Community: Essays in Honor of Karl W. Deutsch*. London, Boston 1981, pp. 145–183.

²⁵ Standing, G., *Social Protection in Central and Eastern Europe: A Tale of Slipping Anchors and Torn Safety Nets* (in Esping-Andersen, G., ed., *Welfare States in Transition*, London 2007), pp. 230–231.

²⁶ Saxonberg, S., *Eastern Europe* (in Greve, B., ed., note 7), p. 175 ff.; Standing, G., note 25, pp. 238–239.

of social expenditure. It goes without saying that the attainment of the liberal model of social security or the liberal model of Welfare State obviously will be a longterm process, as it is a model entirely new in the conditions of the Czech Republic. It is also entirely new in all other Central European post-communist countries.²⁷

²⁷ Večeřa, M., note 18, p. 105; Blahož, J., Brokl, L., Mansfeldová, Z., Czech political parties and cleavages after 1989 (in Lawson, K., Römmele, A., Karasimeonov, G., ed., *Cleavages, Parties and Voters*), Westport, London 1999, p. 130.