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Wissenschaftszentrum Berlin
für Sozialforschung

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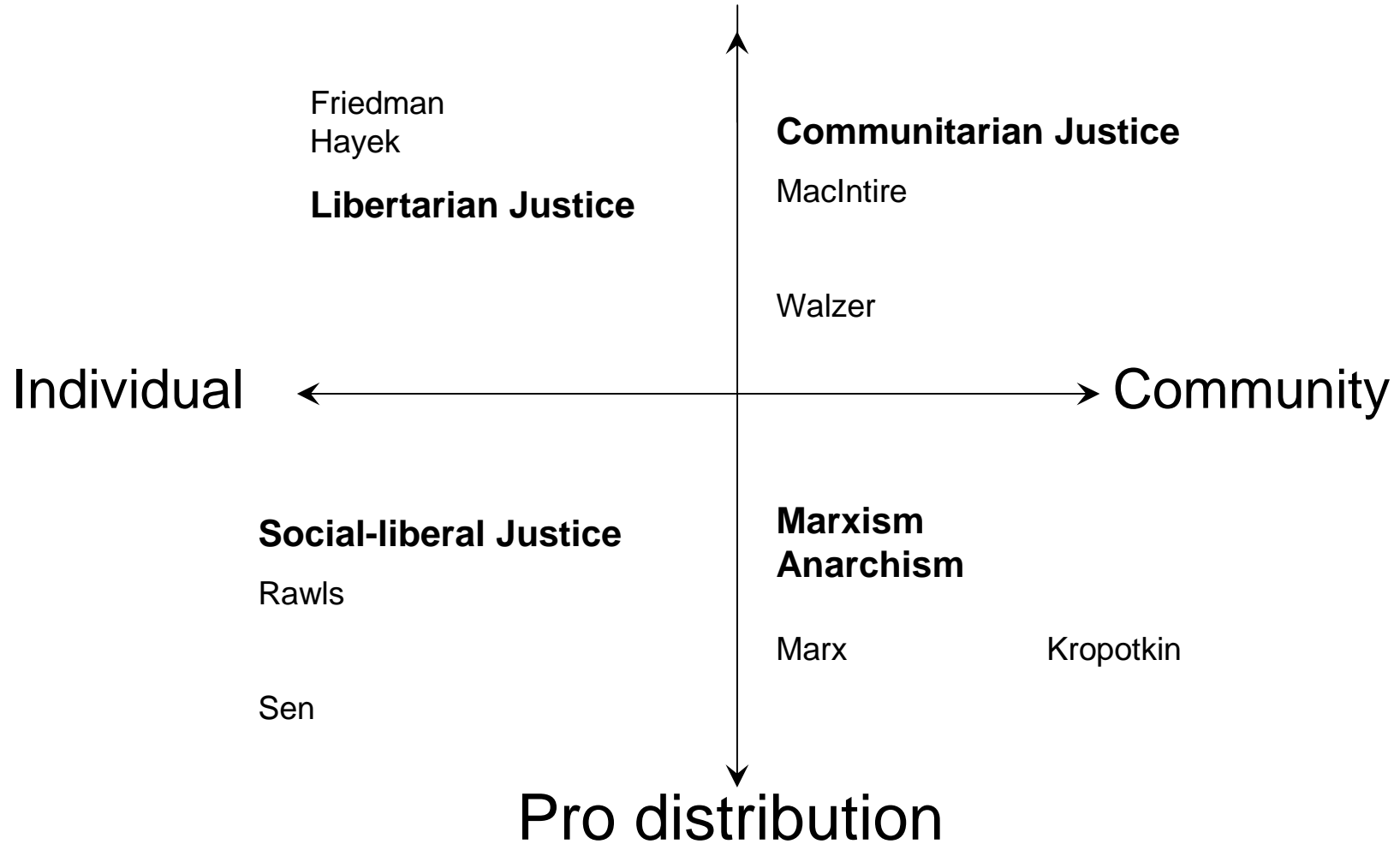
**Social Justice and the Welfare State at the
beginning of the 21st century**

Helsinki
Kalevi Sorsa/ SAMAK/ FEPS
June 13, 2009

Four Questions:

- 1. Normative question: which guiding concepts?**
- 2. Action question: which preferences?**
- 3. Empirical question: How just are the OECD-societies?**
- 4. Strategic question: Which responses to the crisis?**

Against distribution



Friedman
Hayek

Libertarian Justice

Communitarian Justice

MacIntire

Walzer

Individual

Community

Social-liberal Justice

Rawls

Sen

**Marxism
Anarchism**

Marx

Kropotkin

Pro distribution

Libertarian concept of justice

- **Autonomy of individual as prerogative**
- **Limits: only few: interventions need justification**
- **Strictly against re-distribution**
- **„Evolutionary Morality“ of market is superior**
- **Meritocratic principle**
- **Consequences: equality before the law, maximal freedom of contract, minimal social security**
- **Legal equality is necessary and sufficient**
- **Inequality is just (and needed) if based on merits**
- **Liberal, non coordinated capitalism**
- **Marginal welfare state**

Communitarian concept of justice

- **Priority of own community**
- **Imperative of cohesive communities**
- **Social capital**
- **Civil society instead of state: *welfare society***
- **Pro re-distribution within the community**
- **Social benefits: rather charitable, than rights**
- **Small, homogenous communities**

Social-liberal concept of justice (Rawls)

- **Individual as reference point**
- **In favor of distribution**
- **Against the „scandalous lottery“ of nature**
- **1. Justice principle: fundamental pol. rights must be equally distributed**
- **2. Justice principle: difference principle**
 - **inequality: if to the benefits of the least advantaged**

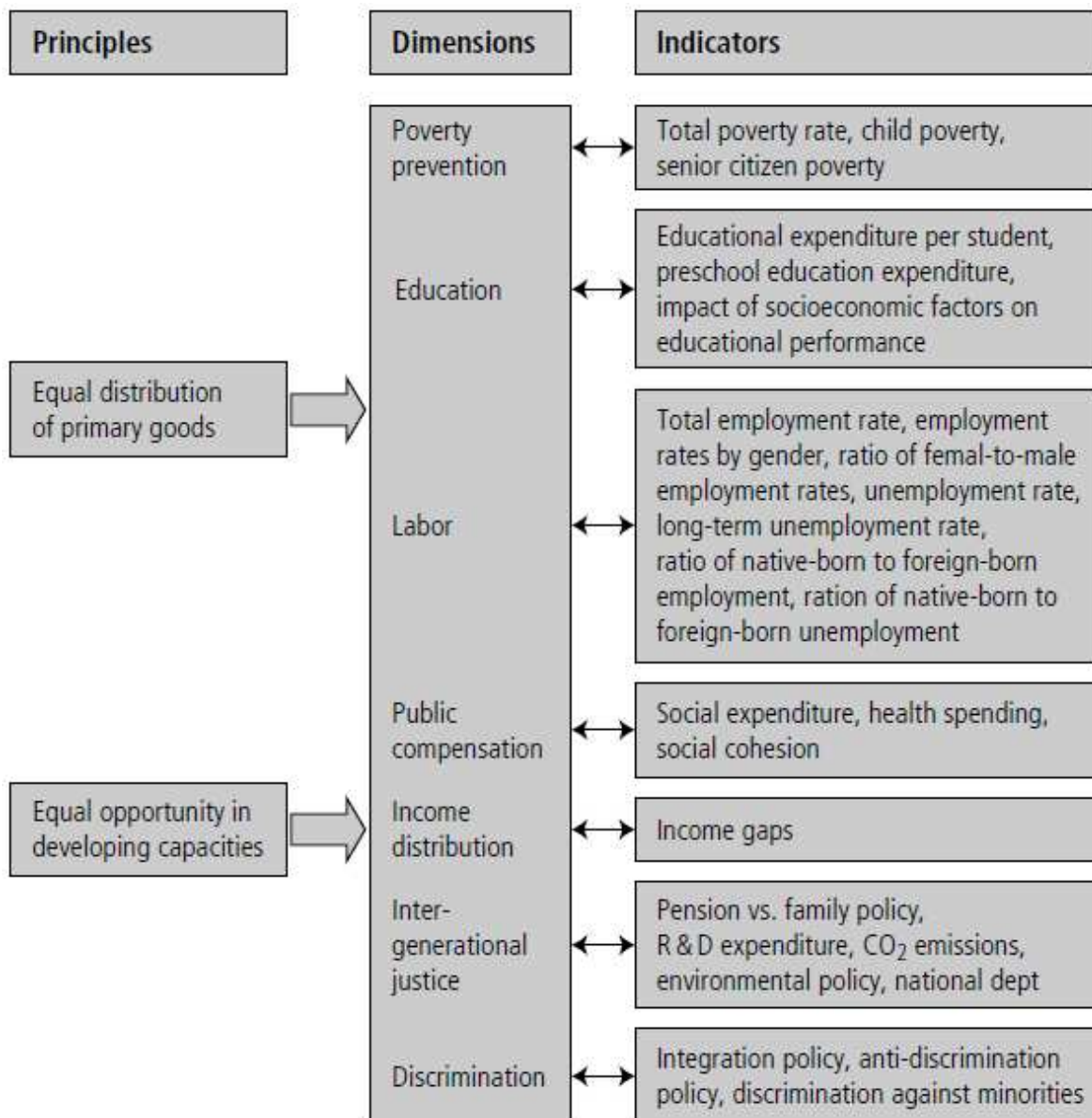
Social democratic (?) concept of justice (Sen)

- **Starting point: individual**
- **Substantial capabilities: poverty, health**
- **Instrumental capabilities: abilities, empowerment, possibility to choose**
 - **Strong state: social investment, education, inclusion into the labour market**
 - **Meritocratic principle, rational choice**
 - **Life chances**
 - ❖ **Fair distribution of income, life chances, choice & recognition, dignity, respect**
 - ❖ **“positive freedom”**
 - ❖ **Social citizenship as part of democratic equality**

Hierarchy of preferences

Hierarchy:

1. Poverty prevention
 2. Education
 3. Inclusion into the labour market
 4. Compensatory social benefits
 5. Distribution of income and wealth
- Generational justice
 - Gender justice
 - No mutual exclusion of preferences; scarcity is answered by hierarchy of preferences



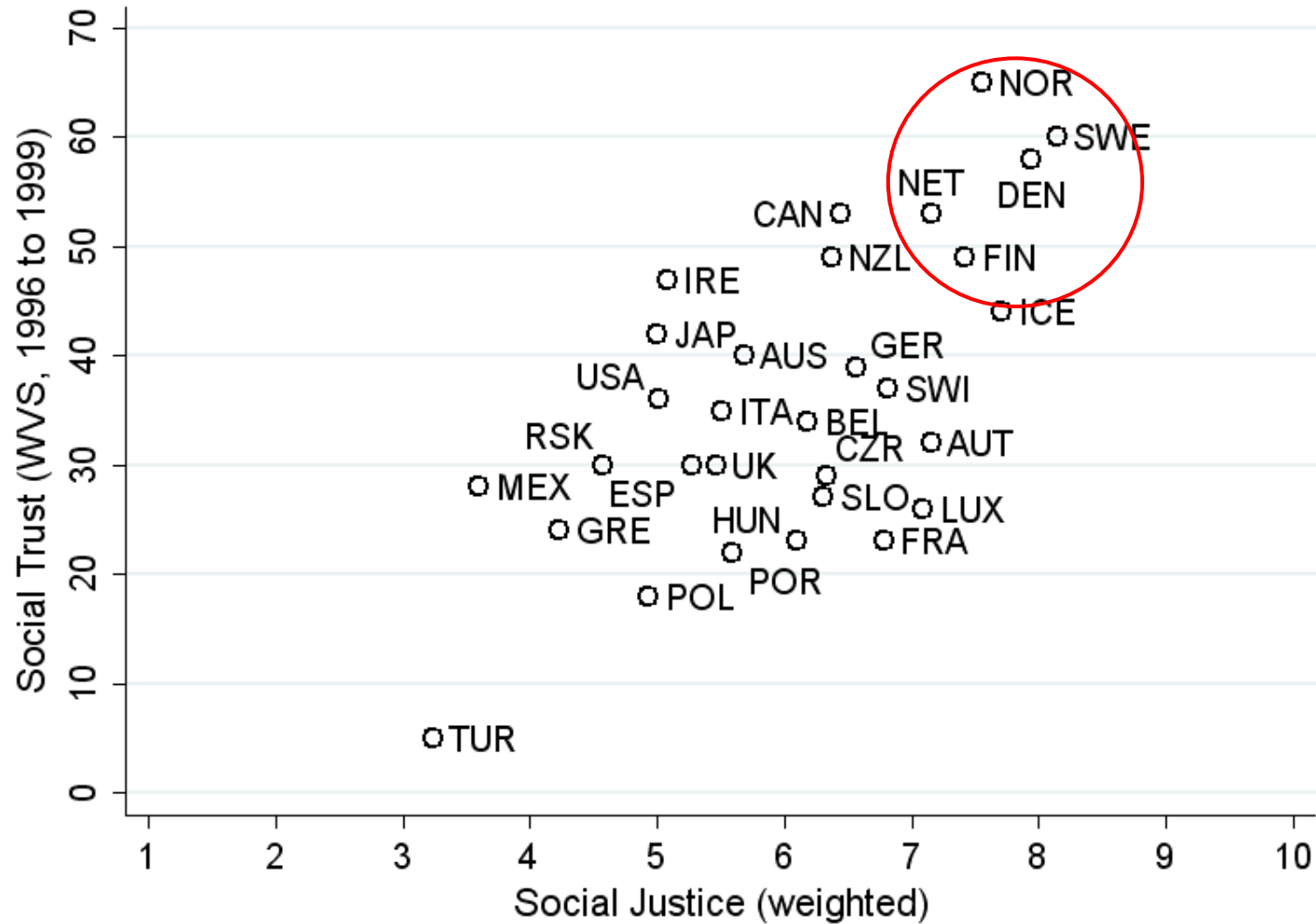
Index of Social Justice (z-scores, weighted, averages 1995 - today)

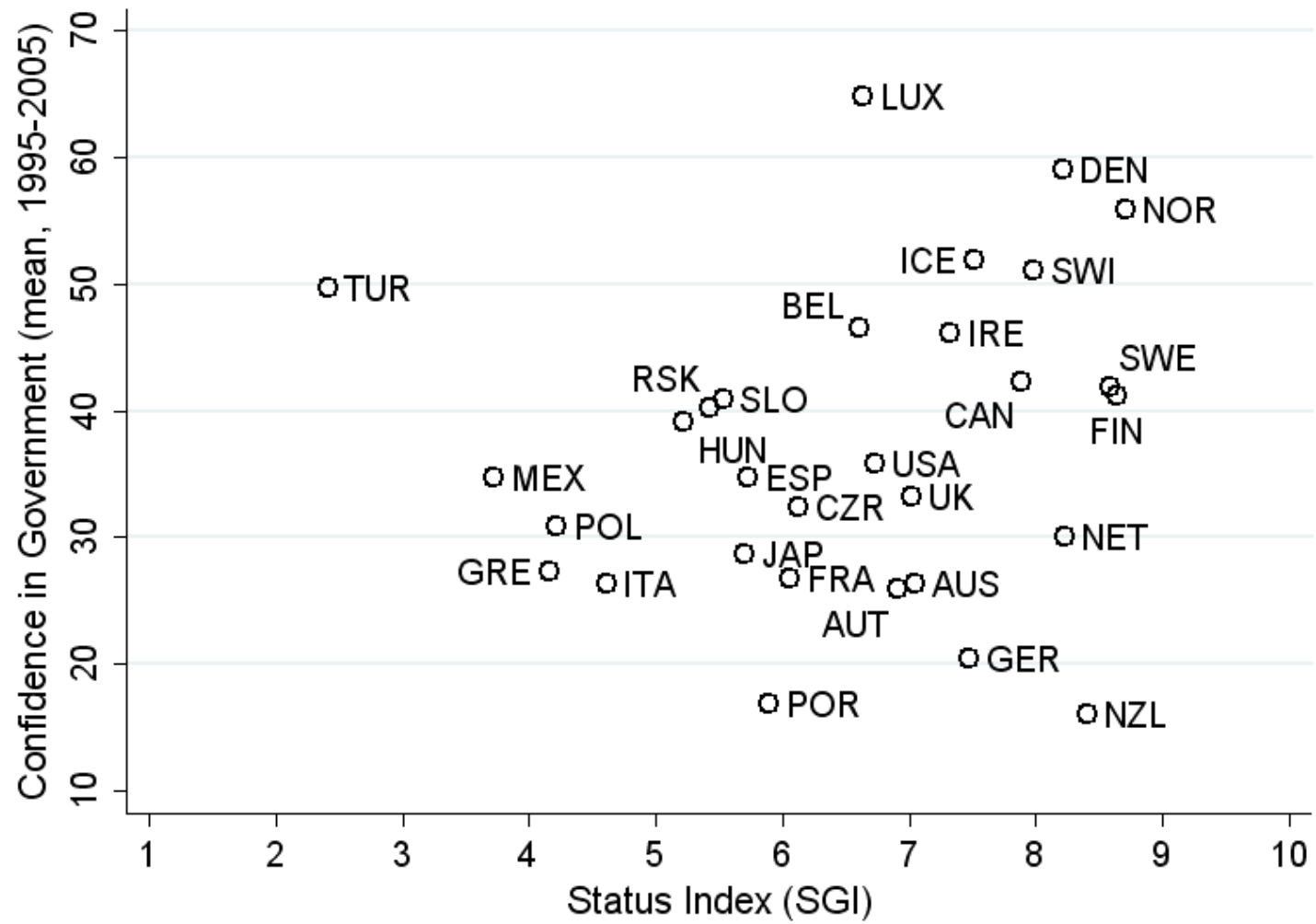
Country	Poverty Rate	Education	Work	Social Expenditure	Income	Index
	(5)	(4)	(3)	(2)	(1)	
Denmark	7,33	11,02	4,32	1,76	1,76	5,24
Sweden	5,05	8,21	3,22	2,63	1,54	4,13
Netherlands	4,11	-1,71	3,11	1,35	0,33	1,44
France	1,45	2,20	0,43	2,28	0,15	1,30
Germany	1,26	-2,85	0,43	1,91	0,53	0,26
UK	-2,96	-1,82	2,88	1,50	-0,96	-0,27

COUNTRIES	Index (unweigh.)	Index (weigh.)	Rank (uw)	Rank (w)	(1) POVERTY	(2) EDUCA- TION	(3) LABOR	(4) SOCIAL EXP.	(5) INCOME	(6) GENERA- TIONS	(7) GENDER
Sweden	6,91	20,34	1	1	1,37	0,31	0,80	1,32	1,06	0,95	1,09
Denmark	6,64	19,72	2	2	1,48	0,33	0,80	1,24	1,13	0,85	0,80
Finland	5,92	19,01	3	3	1,09	1,85	-0,10	0,37	1,21	0,47	1,04
Norway	5,52	15,37	4	4	0,71	0,11	1,12	0,78	0,96	0,98	0,85
Austria	2,82	7,04	5	8	0,43	-0,42	0,66	0,90	0,48	0,42	0,35
Netherlands	2,35	7,89	7	5	0,96	0,36	0,20	0,03	0,71	0,00	0,09
Luxembourg	0,56	1,99	12	11	1,12	-0,36	0,44	-0,07	0,82	-0,79	-0,61
Czech Republic	1,95	5,79	9	9	1,43	-0,72	0,04	0,03	1,08	-0,25	0,34
Switzerland	2,63	7,47	6	6	0,58	-0,72	1,07	0,45	0,20	0,64	0,39
France	1,66	3,94	10	10	0,69	-0,51	-0,57	1,38	0,27	0,04	0,37
Canada	2,19	7,37	8	7	0,04	1,01	0,60	0,05	0,11	-0,31	0,69
Germany	0,71	-1,63	11	15	0,15	-1,61	-0,34	1,45	0,51	0,23	0,32
Slovak Republic	-0,94	-5,04	19	20	0,36	-0,68	-1,56	-0,47	1,37	-0,44	0,49
Poland	-1,80	-5,15	22	21	0,05	-0,09	-1,33	-0,39	0,08	-0,58	0,47
Belgium	-0,77	-5,33	18	22	0,57	-1,74	-0,89	0,95	0,73	-0,31	-0,07
Australia	-0,17	0,04	15	14	-0,04	-0,03	0,31	-0,26	-0,20	-0,30	0,36
New Zealand	0,24	1,21	13	12	0,24	-0,91	0,64	-0,09	-0,41	0,31	0,46
United Kingdom	-0,09	0,06	14	13	-0,27	-0,28	0,40	0,18	-0,67	-0,02	0,57
Hungary	-0,74	-1,90	16	16	0,56	-0,85	-0,71	-0,04	-0,01	-0,09	0,41
Japan	-0,74	-4,27	17	19	-1,08	-0,14	0,80	-0,38	0,06	0,08	-0,09
Portugal	-1,00	-2,74	20	18	-1,00	0,56	0,05	-0,09	-0,80	-0,03	0,31
Spain	-3,58	-9,44	25	24	-0,36	0,77	-1,37	-0,22	-0,52	-0,52	-1,35
Italy	-4,01	-12,96	26	26	-0,85	0,22	-1,29	0,41	-0,48	-0,88	-1,15
Korea	-1,62	-2,19	21	17	-0,74	1,42	0,28	-2,70	-0,01	0,42	-0,27
Greece	-5,40	-16,29	27	27	-0,89	-0,09	-1,03	-0,36	-0,71	-1,05	-1,27
Ireland	-2,60	-6,62	23	23	-0,77	0,84	-0,76	-0,92	-0,48	-0,16	-0,35
United States	-2,68	-9,85	24	25	-1,68	-0,93	1,11	-0,49	-0,99	-0,29	0,60
Turkey	-10,05	-26,70	29	29	-1,46	-0,13	-0,86	-1,46	-2,53	-0,17	-3,44
Mexico	-8,97	-23,00	28	28	-2,68	1,20	-0,21	-2,08	-2,99	0,13	-2,34

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Norway	4,73	10,92	4	4	0,69	0,11	1,12	0,96	0,99	0,85
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Canada	2,12	5,34	7	6	0,02	1,01	0,60	0,11	-0,32	0,69
Austria	1,90	4,10	8	9	0,41	-0,42	0,66	0,48	0,42	0,35
Czech Republic	1,88	4,82	9	8	1,41	-0,72	0,04	1,08	-0,27	0,34
Korea	1,55	4,07	10	10	-0,26	1,42	0,28	-0,01	0,40	-0,27
Luxembourg	0,83	2,10	11	11	1,11	-0,36	0,44	0,82	-0,57	-0,61
New Zealand	0,32	0,99	12	13	0,22	-0,91	0,64	-0,41	0,32	0,46
France	0,26	1,30	13	12	0,67	-0,51	-0,57	0,27	0,04	0,37
Australia	0,07	0,20	14	14	-0,06	-0,03	0,31	-0,20	-0,31	0,36
United Kingdom	-0,31	-0,54	15	15	-0,29	-0,28	0,40	-0,67	-0,04	0,57
Japan	-0,41	-3,24	16	21	-1,10	-0,14	0,80	0,06	0,05	-0,09
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Portugal	-0,93	-2,41	20	18	-1,02	0,56	0,05	-0,80	-0,03	0,31
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Spain	-3,53	-7,74	25	24	-0,51	0,77	-1,37	-0,52	-0,54	-1,35
Italy	-4,45	-10,98	26	26	-0,88	0,22	-1,29	-0,48	-0,89	-1,15
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Turkey	-8,65	-19,69	29	29	-1,48	-0,13	-0,86	-2,53	-0,20	-3,44

Social Justice and Social Trust





Assumptions on the impact of FC

- **Crisis of FM will negatively impact on:**
 - **labour market**
 - **government budget**
 - **Social insurance finances**

Welfare state models

- **Liberal anglo-saxon welfare state (USA, NZ, AUS (marginal))**
- **Conservative continental w. s. (FRA, BEL, GER, AUT: (christ. Dem/ conservat.))**
- **Social dem. Scandinavian w. s. (SWE, DEN, NOR (universalist model))**
- **Further models:**
 - **Southern European model (mixed/ statist)**
 - **Eastern European model (mixed/ liberal)**

Welfare states' capabilities of adaption and reform

- ***Liberal WS:***
Adaptability to market; de-reg. of labour market; justice (-) economy (?); low financial requirements
- ***Conservative WS:***
Lowest capabilities to reform; reg. labour markets; insider-outsider-problem; social insurance principle; strong focus on pensions; ageing electorate protects passive WS; justice (+-) economy (-); high financial requirements ; demographic problem
- ***Social democratic WS:***
High capability to react; partly de-reg. labour markets; „welfare to work“ combined with generous social services; conditioning; investment in human capital; high taxes; high financial requirements; high trust

Reform of the welfare state: learning from the North

Conservatives model (GER)	Social democratic model (SVK)
<p><u>Consequences</u></p> <p>High social security Low female employment Low compatibility of family and job Low birth rate Preservation of status Insider/Outsider conflict Welfare without Work</p>	<p><u>Consequences</u></p> <p>High social security High female employment compatibility of family and job Higher birth rate egalitarian Protection of people, not jobs Welfare to Work</p>
<p><u>Instruments</u></p> <p>Social insurance principle High expenditure Monetary transfers Low investment in children Low investment in education Compensation passive welfare state</p>	<p><u>Instruments</u></p> <p>Tax-financed high expenditure social services Early investment in children High investment in human capital Qualification Activating welfare state</p>

Questions to be answered I: Principles

- Fairness of distributing life-chances is still valid AFC
- Generational justice has to be taken more seriously
- Local, national and global justice have to be reconciled

Questions II: Economic Policy

- **Nationalization of ailing firms? (UK, USA)**
- **Regulation of financial markets? (not much done)**
- **EU: Positive Integration? (difficult in a EU of 27)**
- **More indirect taxes? (pro/ cons)**
- **Human capital keynesianism instead of emergency capitalism ?**
- **How do avoid social expenditure cut AFC and the subsequent fiscal squeeze of gov`ts?**
- **How do avoid the return to the status quo ante?**

Questions III: Welfare State

- NCs still a model?
- Reconciliation of economic productivity & social justice: still no alternative to the “Nord.Model”
- Reformed universalism better than decomodified universalisms?
- How to integrate immigrants?
- How to keep the middle classes on board: good services sufficient?
- How to avoid the trap of „services for the poor become poor services“?

Questions IV: Strategy

- Path dependency and change of paths: crisis as a critical juncture? (as 1929 pp)
- If the reformed “Nordic” WS is still valid, can it be a “model”?
- WS: rights, duties, social justice vs decomodification?
- Complete models do not travel: freezing the discussion
- Context matters: institutions, expectations, values, trust, historical path`s (german ws)
- Social coalitions: middle classes are more crucial than working class?
- Who compensates for the weakened trade unions(organiz.)?
- Coordinated economies without social organ. Partners?
- Political coalitions will be more heterogenuous and instable?
- How can the EU be used for social democratic policies?
- Still the century of international problems and national/ regional solutions?

Handlungskontext von Regierungen

