

Solidarity in Europe after the Crisis

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Introduction

The nation-based welfare state (NBWS) and the European Union (EU) are two precious legacies of the 20th century. Their mutual relationship is however fraught by unresolved tensions (and a potential “clash”), which the recent crisis has been markedly exacerbating. When, how and why did the original “elective affinity” between the WS and the EU spheres start to weaken? Is “reconciliation” possible and how? These questions lie at the centre of current academic and public debates. The WS serves essential economic, social and political functions. But the financing of its programmes strains public budgets and raises sustainability challenges, especially in the wake of growing demographic ageing. The EU (EMU in particular) is in its turn essential for growth, jobs and macro-economic stability, but tends to undermine the WS’s very institutional foundation: the sovereign right of the state to determine the boundaries, forms and extent of national solidarity, including tax and spending levels. The aim of this article is to cast new light on such issues by focusing on the “intellectual” logic which has guided WS-building, on the one hand, and EU-building, on the other, and by highlighting the responsibility of this logic in generating the clash. Drawing on Weber’s insights on the relationship between ideas, values and politics, I will try to reconnect these three elements for interpreting the current predicament and for putting forward some suggestions on how to overcome it. The article is organised as follows. The next section presents the topic and the approach. The second section illustrates the ideational logics which have guided, respectively, the development of the welfare state at the national level and the process of economic integration at the supranational level. The third and fourth sections will in turn summarize my diagnosis and outline an agenda for intellectual “work” on both the epistemic and axiological fronts, which I see as a prerequisite for responsible and effective political choices. The conclusion wraps up.

Welfare and Europe: The Roots of “De-Conciliation”

The tensions between the NBWS and European integration have been building up since the 1980s. With the completion of the internal market and the monetary union, an increasingly stronger “economic space” has come to partly encapsulate national welfare institu-

tions, imposing exogenous constraints on their functioning – including their process of internal re-adaptation to changing demography and social needs. Through the four freedoms, competition rules, and the euro, the EU has launched three basic challenges to the social sovereignty of member states.¹ The first is a challenge to the NBWS’s territorial closure, through the explicit prohibition of (most) cross-border restrictions regarding access to and consumption of social benefits, and to some extent also the provision of services. The nationality filter has been neutralized for admission into domestic sharing spaces and some core social rights (such as pensions) have become portable across the territory of the whole EU. The second challenge has addressed the very “right to bound”, i.e. the right of each national community to autonomously determine who can/must share what with whom and then enforce compliance through specific organizational structures backed by coercive power (e.g. setting up a compulsory public insurance scheme for a given occupational category). The third challenge has, finally, imposed increasingly stringent fiscal rules to national budgets, thus “biting” directly on the size and structure of domestic welfare for those Member State that violate such constraints.

The financial crisis has exacerbated existing tensions and activated new ones. The clash between nation-based social protection needs and EMU-induced austerity and spending cuts has rapidly escalated and has entered the electoral arena, where it is generating a new, turbulent cleavage between pro- and anti-EU actor coalitions.² The crisis has also activated a (more or less) latent distributive cleavage between richer, “paying” Member States and poorer “receiving” Member States: the issue of a “Transfer Union” has gained increasing political salience.³ The general strain between solidarity and economic integration has therefore broken down into four distinct tensions:

1. market-making vs market-correcting at the EU level;
2. national social sovereignty/discretion vs EU law/conditionality;
3. intra-EU “system competition” between high-wage/high welfare Member States and low-wage/low welfare Member States (“old vs new” Member States or “West vs East”);⁴
4. payers vs beneficiaries of cross-national transfers and financial assistance (“core vs peripheral” Member States or “North vs South”).

The four lines of tension intersect with each other, creating complex policy dilemmas, political turmoil and a further erosion of popular legitimacy for the EU – as clearly demonstrated by the campaigns and the results of the 2014 European elections. While the scholarly literature largely agrees on the nature and intensity of the current predicament, prognoses tend to diverge. At one extreme we find a position of dead end pessimism: tensions and conflicts cannot be solved at the EU level, the only solution is to “bust” the status quo (euro included), repatriate competences and fence off supranational intrusions on domestic arrangements and policy agendas.⁵ At the other extreme, we find the federalist position: the EU should swiftly turn into a fully-fledged federal super-state, equipped with an adequate central budget, with taxing and (social) spending powers.⁶ In the middle we find a variety of “realist” positions, including “supranational incrementalism”,⁷ for which reconciling economic and social Europe is difficult, but not impossible. To some extent, the process has been under way for some time: especially after the Treaty revisions from Amsterdam to Lisbon and the launch of the employment and social “processes” based on the Open Method of Coordination (OMC), a recognizable “social dimension” has been emerging within the EU architecture, which has erected some bulwarks (“hard” and “soft”) against the interference and constraints linked to economic and monetary integration. As emblematic examples we can mention: the Charter on Fundamental Rights; common labour and social security standards; soft laws on employment, social inclusion, pensions as well as health care and long-term care; more recently, the so-called social provisions of the Lisbon Treaty and the social targets of the Europe 2020 strategy.⁸

The crisis has proved, however, that the current strength and content of the social dimension are still inadequate for safeguarding an acceptable and effective balance between state and market, on the one hand, and between supranational constraints and national discretion, on the other. Moreover, existing social provisions seem programmatically insufficient to cope with the other two of the above mentioned lines of conflict: system competition and core-periphery asymmetries. The challenges faced by EU-building are thus formidable: strengthening the social dimension, upholding the institutional foundations of the NBWS within the overall EU architecture, managing the redistributive tensions linked to system competition and cross-national transfers. Much of the current debate among “supranational realists” focusses on policies and institutions in an effort to identify substantive and procedural solutions capable of meeting the four challenges. Despite considering myself a realist, in this paper I would like to shift the debate to a more general and deeper level: the intellectual level in a broad and, so to speak, *foundational* sense. I am

in fact convinced that prior to (and in order to) identifying the content of specific policies and institutional arrangements that can enable the EU to overcome its predicament, an in-depth analysis must be undertaken about the very nature of the EU as a politico-symbolic construction, of its requirements in terms of systemic sustainability for the present and the future and of the possible ideational frames within which to elaborate and then implement policy and institutional choices.

According to a noble tradition of twentieth-century political theory rooted in Max Weber’s thought, ideas and politics play a crucial role in mediating conflicts – on both the substantive and procedural levels.⁹ For Weberian theory, modern society is the product and at the same time an incessant producer of specific institutional orders, i.e. spheres of interactions guided by prescriptions which have acquired a high degree of independence in the minds of individuals and are considered as binding or quasi-binding by them. Institutional constellations determine the degree of individual freedom, which, for Weber, is essentially the freedom to choose in relation to values and to implement such choices without illegitimate impediments. Institutional constellations are never perfectly integrated with each other:¹⁰ a fact that incessantly creates conflict potential, on one hand, and room for innovation, on the other. Imperfect integration typically results from the logical irreducibility of the rationality criteria which characterize broad value spheres (religion, economy, morals, science, etc.) as well as the more specific institutional orders (e.g. democracy vs. bureaucracy, market vs. welfare etc.). The basic task of politics is to manage inter-institutional conflicts in order to safeguard the foundations of the political community and provide it with a sense of direction. Though guided by different logics, the political and intellectual spheres are inextricably intertwined. The latter is typically concerned with the production of nomological knowledge about facts, as well as with the critical discussion/analysis of values and the elaboration of broad world-views, in the form of public philosophies, narratives and ideologies, combining factual and normative judgements. In order to be politically productive – i.e. capable of bringing about innovative change in a peaceful, coherent and effective way – social and institutional contradictions and conflicts must be perceived and analyzed, “clarity” (a Weberian concept) must be pursued regarding objective states of the world and possibilities of change, alternatives must be generated and evaluated based on both principles and factual consequences. In other words, a firm intellectual basis is required for the responsible exercise of leadership in the political sphere.

In this perspective, the current European crisis can be interpreted as a problem of acute, but “blocked” conflict between broad institutional orders: market, state,

51. Vivien Schmidt, "The European Union: Democratic Legitimacy in a Regional State?," *Journal of Common Market Studies* 42 (2004): 975–99.
52. Philippe C. Schmitter, *How to Democratize the Emerging Euro-Polity: Citizenship, Representation, Decision-Making* (Boulder, Rowman & Littlefield, 2000).
53. Kalypso Nicolaidis, "Democracy and Its Critics," *Journal of Common Market Studies* 51 (2013): 351–69.
54. For a discussion, cf. Anton Hemerijck, *Changing Welfare States* (Oxford, Oxford University Press, 2013).
55. Frank Vandenbroucke, "A European Social Union: Why We Need It, What It Means," *Rivista Italiana di Politiche Pubbliche* (2013): 221–47; Frank Vandenbroucke, Ron Diris and Gerlinde Verbist, *Excessive Social Imbalances and the Performance of Welfare States in the EU* (Euroforum Policy Papers, KU Leuven, 2013), accessed May 8, 2014, <https://www.kuleuven.be/euroforum/viewpic.php?LAN=E&TABLE=DOCS&ID=855>.
56. Bundesverfassungsgericht, *Principal Proceedings ESM/ECB: Pronouncement of the Judgment and Referral for a Preliminary Ruling to the Court of Justice of the European Union* (Karlsruhe, 2014), accessed May 8, 2014, <http://www.bundesverfassungsgericht.de/pressemitteilungen/bvg14-009en.html>. Outright Monetary Transactions (OMT) are purchases by the ECB in secondary markets of sovereign bonds issued by euro-zone Member States. The ECB decided to authorize such transactions in August 2012.
57. Rueschemeyer and Skocpol, eds., *States, Social Knowledge, and the Origins of Modern Social Policies*.
58. For Rokkan, internal structuring connotes the process whereby a new territorial community arrives at stabilizing patterns of interaction through the creation of specific trans-local coalitions among social actors (Flora with Kuhnle and Urwin, eds., *State Formation, Nation Building and Mass Politics in Europe. The Theory of Stein Rokkan*).
59. Ulrich Beck, "More Justice through More Europe," *Eurozine* (December 9, 2011), accessed May 8, 2014, <http://www.eurozine.com/articles/2011--12--29-beck-en.html>.
60. Habermas, "Demokratie oder Kapitalismus?," 69 (my translation).
61. Contemporary neo-institutional approaches have persuasively highlighted the "constitutive" role of ideas in framing problem definitions and strategic choices of political actors – see Daniel Béland and Robert H. Cox, eds., *Ideas and Politics in Social Science Research* (Oxford, Oxford University Press, 2011); Vivien Schmidt, "Discursive Institutionalism: The Explanatory Power of Ideas and Discourse," *Annual Review of Political Science* 11 (2008): 303–26.
62. "In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health" (TFEU, Article 9).
63. For relevant documents and developments, see the Commission's website on impact assessment: <http://ec.europa.eu/social/main.jsp?catId=760&langId>.
64. Thomas Biebricher, "Europe and the Political Philosophy of Neoliberalism," *Contemporary Political Theory* 12 (2013): 338–58; Josef Hien, "The Ordoliberalism that Never Was," *Contemporary Political Theory* 12 (2013): 349–58.
65. Sergio Fabbrini, "Intergovernmentalism and Its Critics," *Comparative Political Studies* 46 (2013): 1003–29.
66. Jürgen Habermas, "Democracy, Solidarity and the European Crisis," *Eurozine* (May 7, 2013).
67. Erik O. Erikson and John E. Fossum, "Representation through Deliberation. The European Case," *Constellations* 19 (2012): 325–39.
68. As art. 8A (para. 1 and 2) of the TFEU recites, "1. The functioning of the Union shall be founded on representative democracy. 2. Citizens are directly represented at Union level in the European Parliament. Member States are represented in the European Council by their Heads of State or Government and in the Council by their governments, themselves democratically accountable either to their national Parliaments, or to their citizens."
69. E.g. Jürgen Neyer and Antje Wiener, *Political Theory of the European Union* (Oxford, Oxford University Press, 2010). See also the interesting essay by Kalypso Nicolaidis and Juri Viehoff, "The Choice for Sustainable Solidarity in Post-Crisis Europe", *Europe in Dialogue* 01 (2012): 23–43.
70. Jürgen Habermas, *Europe: The Faltering Project* (Cambridge, Polity Press, 2009); Jürgen Habermas, *Zur Verfassung Europas. Ein Essay* (Berlin, Suhrkamp, 2011); Habermas, "Demokratie oder Kapitalismus?"; Habermas, "Democracy, Solidarity and the European Crisis."
71. Habermas, "Democracy, Solidarity and the European Crisis.", p. 66.
72. Formally: Treaty on Stability, Coordination and Governance in the Economic and Monetary Union; also referred to as TSCG or more plainly the Fiscal Stability Treaty. This intergovernmental Treaty introduced a new stricter version of the previous Stability and Growth Pact. It was signed on 2 March 2012 by all Member States of the European Union. at the time, except the Czech Republic and the United Kingdom.
73. Andrea Sangiovanni, "Solidarity in the European Union", in *Philosophical Foundations of European Union Law*, edited by Julie Dickinson and Pavlos Eleftheriadis (Oxford, Oxford University Press), 384–98.
74. As also stressed by Frank Vandenbroucke, "A European Social Union: 10 Tough Nuts to Crack", *Brussels, Observatoire Social Européen*
75. Max Weber, *Economy and Society* (Berkeley: California University Press, 1978).
76. See again Vandenbroucke, "A European Social Union: Why We Need It, What It Means".
77. Nicolaidis and Viehoff, "The Choice for Sustainable Solidarity in Post-Crisis Europe".
78. See Kalypso Nicolaidis, "Trusting the Poles? Constructing Europe through Mutual Recognition," *Journal of European Public Policy* 4 (2007): 682–98.
79. Remeur, "Welfare Benefits and Intra-EU Mobility".
80. European Commission (EC), *Strengthening the Social Dimension of the Economic and Monetary Union* (Brussels, COM690 2013). See also Elspeth Guild, Sergio Carrera and Katherina Eisele, *Social Benefits and Migration: A Contested Relationship and Policy Challenge in the EU* (Brussels, CEPS-Centre for European Policy Studies, 2013).
81. Immanuel Kant, *Perpetual Peace and Other Essays* (Indianapolis, Hackett, 1983).
82. PIFIA – Polish Information and Foreign Investor Agency, *List of Major Investors in Poland* (2011), accessed May 8, 2014, http://www.paiz.gov.pl/files/?id_plik=16982.
83. European Commission (EC), *A Fact Finding Analysis on the Impact on the Member States' Social Security Systems of the Entitlements of Non-active Intra-EU Migrants to Special Non-contributory Cash Benefits and Healthcare Granted on the Basis of Residence* (Brussels, DG Employment and Social Affairs, 2013), accessed May 8, 2014, <http://bookshop.europa.eu/en/a-fact-finding-analysis-on-the-impact-on-the-member-states-social-security-systems-of-the-entitlements-of-non-active-intra-eu-migrants-to-special-noncontributory-cash-benefits-and-healthcare-granted-on-the-basis-of-residence-pbKE0413060/>.

84. I am not discussing in this paper the challenge of introducing some measure of inter-personal social transfer directly anchored and funded at the EU level. For a discussion and a proposal, see Philippe Van Parijs, "The Euro-Dividend," *Social Europe Journal* July 3, 2013, accessed May 8, 2014, <http://www.social-europe.eu/2013/07/the-euro-dividend/>.

85. Jacques Delors, *Presentation of the Treaties of Nijmegen Medal* (2010), accessed May 8, 2014, http://www2.nijmegen.nl/mmbase/attachments/918208/speech_Jacques_Delors_bij_toekenning_Vrede_van_Nijmegen.

86. Hannah Arendt, *The Human Condition* (Chicago, University of Chicago Press, 1958), 237.

87. Ibid.

88. See European Commission (EC), *A Blueprint for a Deep and Genuine Economic and Monetary Union. Launching a European Debate* (Brussels, COM777 2012).

89. Stefano Bartolini, "The Nature of the EU Legitimacy Crisis and Institutional Constraints: Defining the Conditions for Politicisation and Partisanship," in *Rescuing the European Project: EU Legitimacy, Governance and Security*, ed. Cramme Olas (London: Policy Network, 2009), 57–70.

90. E.g. Simon Hix, *What's Wrong with Europe and How to Fix It* (Cambridge, Polity Press, 2008).

91. This expression paraphrases the title which Max Weber used in his essay on the "newly-ordered" (*neugeordnete*) institutions of post World War I Germany – Max Weber, "Parliament and Government in Germany under a New Political Order: Towards a Political Critique of Officialdom and the Party System," in *Political Writings*, ed. Peter Lassman and Ronald Speirs (Cambridge, Cambridge University Press, 1994), 130–271.

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