



UCD SCHOOL OF APPLIED SOCIAL SCIENCE

WORKING PAPER SERIES

2009

**The Welfare State, National Identity and
European Integration**

Tony Fahey

WP09/02

January 2009

**UNIVERSITY COLLEGE DUBLIN
BELFIELD DUBLIN 4**

The Welfare State, National Identity and European Integration

Tony Fahey¹

Abstract

This paper asks how the welfare state in the EU should be thought of a pan-EU level, rather than from the perspective of the EU's member states. It suggests that a distinguishing feature of Europe is its 'multi-stateness', its large number of states, many of them small. It could be said in like vein that a distinguishing feature of the European social model is its fragmentation: it is a mosaic of 27 strictly separate national welfare systems. The paper highlights (but does not resolve) an ambiguity in this mosaic from an EU perspective: it be thought of essentially European in the EU-wide expression it gives to solidaristic social values or as essentially anti-European because of the strong, bounded, socially closed national communities which it represents and which make it into an obstacle to European integration.

¹ This paper is based on an Inaugural Lecture presented in UCD in October 2008

Introduction

The topic of this paper is the relationship between the welfare state and European integration. My aim is not so much to answer a particular question about this relationship as to explore in what way it is an issue, or in other words, to consider the questions we might ask about it. Certainly, I am interested in answers and solutions, but to find the right answers we must ask the right questions – or at least try to think of the many questions that might be posed in order to ensure that we do not overlook important ones. The problem is that we have an inbuilt tendency to do just that – to underplay important questions because of the limited perspective we adopt. The people of Europe look on European issues through member state rather than European eyes – their perspective is overwhelmingly national in character. In Ireland, we ask what Europe can do for us and the populations of other member states do the same. The reverse question, what we should do for Europe, hardly arises. This is so partly because, in response that question, people might genuinely be puzzled and ask ‘why’ – why should we do anything for Europe when it does so little for us? But underlying that would be a deeper puzzlement as to what the ‘Europe’ is that we might be asked to do things for. Our sense of Europe, as represented by the European Union, is likely to be either of a collection of other member states, all of which are as much out for themselves as we are, or of faceless bureaucrats in Brussels who represent nothing that we recognise as ‘us’ or ‘ours’. Europe for most people certainly is not something grand or inspiring for which we would lay down our tax euros, much less our lives.

Multi-state Europe

In consequence, then, the questions that are easy to overlook as we consider the relationship between the welfare state and European integration are those that come from a European rather than a member state point of view. However, the European perspective is itself an undeveloped and unfamiliar thing for all of us. Our imaginations are captured by our deeply engrained habit of thinking in national terms. Therefore it takes some work to figure out what those European-level questions might be.

So then, what might a European perspective on Europe look like? Let us start with some basics, before we consider either the welfare state or the European Union. First, in purely geographic terms, Europe is on the small side as continents go. From the

Urals to the Atlantic, it accounts for less than seven per cent of total world land area. Europe's world population share is somewhat greater than its land share – something short of 11 per cent of global population lives in Europe – but its demographic significance is shrinking fast. In 1950, one in every five persons in the world was a European. That is now almost down to one in ten, and by 2050 it could have dropped to as little as one in 18 or 20. However, if Europe doesn't have lots of territory or lots of people, it does have lots of one thing, namely of states. The United Nations lists 192 sovereign states in its membership. There is no general agreement on to how many of these are European – for example, there is the contentious case of Turkey and the uncertain instances of the Caucasian republics. However, a reasonable count would include 42 states in Europe – which is some 22 per cent of the world total of sovereign polities. Thus, Europe's share of world states is more than three times its share of world land area and more than twice its share of world population. Furthermore, if the number of people in Europe is now tending to fall, the number of states is tending to rise. The reunification of Germany after 1989 is the only modern instance in Europe where states reduced their number by merging together. The more common experience is the breakup and multiplication of states. The collapse of the Soviet empire was the most recent spur to this process: fourteen new states came into being in eastern Europe in the 1990s as a result of that event. But some western European states too are showing problems in holding together – the possible breakup of Britain has been spoken of since the 1970s, Belgium frequently threatens to split in two, Spain has trouble holding onto Catalonia and the Basque country, while the ties between Northern and Southern Italy also sometimes seem in doubt.

Putting all this together, then, Europe can be regarded as a smallish place that is moderately filled with people but already has more than its fair share of states and may add some more in the future, even though population is shrinking.

The simple arithmetic of this implies that many of Europe's states must be small, and indeed this is the case. If we take Greece, with its population of some 11 million people, as the upper boundary of small in demographic terms, then there are 32 European states that can be classified as small. These range right down to the mini-states of Malta and Iceland, which together have about as many people as are administered by Dublin City Council. There is also a limited number of medium-sized states – for example, we could count in that category the list of six states that begins with Spain, with its 42 million people and is topped off by Germany which has

83 million. Then there is the one outlier, the only instance of a state in Europe that can claim to be large, at least in some aspects. This is Russia, which now has 143 million people, some 72 per cent more than the next largest European state, Germany.

However, Russia's largeness, and its distinctiveness from the rest of Europe in scale terms, is captured less by its population than by its land area. We usually classify only Russia west of the Urals as European, but the state as whole stretches all the way across northern Asia to the Pacific and is continental in scale, some ten times the size of western Europe. While much of that land area is empty of people, it is rich in natural resources, not least fossil fuels. It is the combination of vast geographic scale and natural resources, substantial population and unitary political structure which today, alone of all European states, gives Russia the potential for if not the actuality of superpower status. This distinctiveness sets Russia apart from the rest of Europe.

Outside of Russia, then, Europe can be characterised by its multiplicity of states, or its 'multi-stateness', as I will refer to it here – and by that term I want to include not just the number of states but also the lack of any single very big one among them. I want to suggest consider later how this multi-stateness affects the nature of the relationship between the welfare state and European integration, so it is worth devoting some attention here to its background and significance.

European fragmentation: historical significance

The first coming of Europe to the forefront as a great world civilisation reached its peak under what was the antithesis of its current multi-state form, namely, that provided by the vast unitary Roman empire. However, Europe also had a second coming. Its second ascent to world cultural, economic and political significance could be said to have started around 1400 or 1500 and to have reached its peak between 1850 and 1900. This was achieved within a novel multi-state model, with the whole identifiable as European because it occurred within the framework of a culture that though diverse in many ways also had strong common European elements. The novelty here was that the normal rule – that great civilizations are carried by great states – was greatly diluted, if not overturned, in the European case. It was not just that Europe had to make do with a fragmented state system because it couldn't organise itself to create anything better. Indeed, from the time of Otto the Great in the 10th century to Napoleon's dismemberment of the Hapsburg's European territories in 1806, a fluctuating effort to rebuild a Holy Roman Empire as a pan-European state

was always present, and indeed Hitler madly attempted the same thing in the twentieth century.

However, these efforts at large unitary European state building, though partially successful at times, always ultimately failed. It was that very failure which created the conditions that enabled Europe to propel itself forward. What the historian Perry Anderson has called the ‘parcelization of sovereignty’ became an essential part of the European social and economic dynamic. The inability of this parcelized model to throw a single suffocating blanket of political control over the whole or even a majority share of the continent was its defining feature. As such it allowed Europe to develop into a fiercely competitive political free-market. Polities tumbled over each in the race to innovate – in technology, economic organisation, methods of military mobilisation, public administration, systems of banking and finance, and so on – and the elaboration and strengthening of state institutions were themselves part of this process. State consolidation also occurred and large regional powers periodically emerged, but without succeeding in creating genuine European empire. This was paralleled by extraordinary cultural inventiveness in non-state spheres, especially in science and intellectual life, and here again the context was the considerable element of unity of European intellectual life coupled with the lack of a single state extensive enough to bring it under control. For a time, the common cultural envelope that defined this competitive world as European was built on the foundation of Christianity, with Latin as the common language and ‘Christendom’ as the unifying concept. But even as Christianity weakened and Latin gave way to vernacular languages, European peoples and states still operated within a shared world of meaning – exemplified, for example, in the fact that the Bible, Europe’s common book, was an early carrier and focus of the literary development of European vernacular languages.

By the nineteenth century, Europe’s competitive state system had deepened, strengthened and expanded on virtually every dimension. Its British product in particular bestrode the world outside of Europe, though its European footprint, which was confined to these islands, was small. In all of Europe, the rise of nationalism had provided a framework of ideas and images within which states could cultivate unprecedented levels of popular identification and loyalty. The fit between national identity and state boundaries was often poor, and turmoil and rebellion within state territories was a common result, as we in Ireland know from our history in the UK.

But the idea of states as representative of the sovereign national community, rather than as instruments of the sovereign ruler, gained increasing hold. Even if its implementation was often messy and bloody, the conception of the state as rooted in the people paradoxically had the effect of enormously increasing the ‘soft power’ (the grasp on people’s hearts and minds) that rulers enjoyed over national populations. At the same time, the scientific and industrial revolutions, coupled with the rationalisation of state bureaucracies and the freeing of competitive markets, caused states’ ‘hard power’ to multiply as well. As a result, a number of European states entered the twentieth century with their war-making capacity pumped up to an extraordinary degree.

European ambivalence

The consequences that emerged as the twentieth century progressed and as the next round of violent competition took place were catastrophic. Total industrialised warfare rolled over Europe and devastated the continent between 1914 and 1945. It has been estimated that 60 million Europeans died in the violence of this period.

As the smoke cleared after 1945, then, Europe had cause to be deeply ambivalent about its historic multi-stateness. On the one hand, the concept of the national state that the multi-state model had produced had become so deeply embedded in people’s thinking that it proved difficult for them to imagine the social or political organisation of Europe in any other terms. Europe as a mosaic of small to medium-large sovereign states had come to take on the feel of an inevitable social fact rather than a construct of history. And that was not mere irrationality: there was good cause for Europeans to feel positive about that mosaic since the social progress and cultural glories that it had produced were immense. Those achievements were typically viewed in national terms within the various national territories and this meant that there was little sense of their European dimension. Each people saw only the national appropriation rather than the ebb and flow across European boundaries that ensured there was so much for national states to appropriate. Yet if each state was fixated on its own piece of the mosaic, there was also some sense that the entire European picture was a remarkable and often glorious achievement.

But if in 1945 the reasons still to feel positive about the European heritage were there, the reasons to be traumatised were also very strong. There was the devastation of the war itself and the shocking barbarity that it had unleashed – something that was

all the more disturbing because it had come not from not from an alien invader but from what in effect was an internal European civil war. There was the rise to power of the Soviet Union as a massive, totalitarian, continental-scale state – a complete contrast to the liberal European multi-state model and an enormous threat to its future existence. And there was the United States, a friendly, democratic liberal power and an effective shield against Soviet aggression, but also a source of confusion for Europe’s sense of itself. For the United States, as an off-shoot of European civilisation, had taken the best of Europe’s traditions – its freedoms, its democracy, its free markets – and had built on them a great continental-scale unitary state that in its remarkable political cohesion was deeply strange to European eyes. The US was all the more remarkable from a European perspective in that had taken in millions of Europe’s ethnic populations as migrants and had welded them into in single society in a way that Europe had failed to do with their cousins at home. Despite recurrent social tensions in the US along race and ethnic lines, it had experienced no serious separatist movement since the civil war of the 1860s – the direct opposite of the separatism that has littered European history and is found in a number of regions of Europe even today. In other words, the US has adapted most things European bar its multi-stateness. It had in part affirmed European values and traditions but in the form and scale of its polity had gone beyond the model that was and still remains one of Europe’s core defining features.

European project as peace process

To sum up, then, the European multi-state system in the post-war period was left with a profound dilemma. Like the old woman in the shoe, it had so many children, in the form of its many states, it didn’t know what to do. On the other hand, all of these children, fractious and nasty though they had often been, were full of history, character and achievement and it seemed no more possible to meld them together into a nice small well ordered family than one could do with a family of real children. Taking this very broad-brush characterisation of Europeanness as context, we can now begin to consider what the current project of European integration is and how it relates to the welfare state. Thinking again in broad-brush terms, it is possible to extract two lines of approach to this topic from current debates. One is to view the European project as a massive peace process and to see welfare state development as a national-level reflection of and contribution to this process. The peace perspective

implies that the object of European integration is not to do away with European multi-stateness but to tame it, to turn it away from its historic capacity for violent competition within Europe's borders and turn it instead onto the path of peaceful cooperation, to make it into something constructive rather than destructive.

There is no doubt that much of what the European project has done can be interpreted in peace process terms. The founders of the European movement first promoted Franco-German reconciliation and, through the European Coal and Steel Community created in 1951, sought to build economic ties between those two powers that would ensure they would never go to war again. More generally, the European project sought to promote democracy and human rights, on the basis that free, democratic states that observe the rule of law are unlikely to resort to violent attack on each other. The southern enlargement in the 1980s, which admitted the recent ex-dictatorships of Greece, Portugal and Spain and the eastern enlargement of 2004, which brought in eight ex-communist states, were two of the Union's greatest achievements in that direction, in that admission of these states contributed to democratic stabilisation in these high-risk regions of Europe.

It is as part of the drive to keep European states on a benign path that we can also interpret the strong support for the welfare state that is notable part of EU policy. Chancellor Bismarck became a social policy leader by introducing the first recognisably modern welfare provisions Germany in the 1880s, in the form of social-insurance provisions for sickness, unemployment and old-age. However, he was the blood and iron chancellor, not Florence Nightingale in a moustache. His action could be interpreted as but another means to win the hearts and minds of the German people, a way of building the state's soft power over the working classes in particular. His object was to deploy welfare benefits alongside guns in the service of a strong Prussian-dominated state. Lloyd George took social policy steps of a similar kind in the UK in 1908 and 1911, first with old age pensions and then with social insurance schemes for unemployment and sickness. The concern for working class welfare in these schemes was undoubtedly real, not least because that concern was pressed so effectively by the rising labour movement in Britain. But here too it took place in the context not just of efforts to boost the productivity of workers by improving their health but also of preparations for war.

The atmosphere was different after World War II: here, as European welfare states were brought to their full development, the mood in Europe had turned decisively

against aggressive war making. From then on, it was a case of pensions and health care *rather than* guns instead of these benefits *with* guns. As Europe rejected the aggressive state, it at the same time placed unprecedented faith in the state's potential to guide and support social and economic development.. The earliest manifestation on the social front was Beveridge's plan for the British welfare state, but this was simply the forerunner to the general growth of the interventionist, socially minded state in Europe. Beveridge had sought to tackle the 'Giant Evils of Want, Disease, Ignorance, Squalor and Idleness' and the Labour government, after its clear victory in the general election in 1945, was to put in place a system that would look after the British people from the cradle to the grave. In view of its radical ambitions, a remarkable feature of the Beveridge plan was the degree to which it won wide political acceptance, among British conservatives as well as labour supporters. Here too, Britain was part of a general trend: as the 1950s progressed, the *dirigiste*, socially minded state – what later came to be called the European social model – had become accepted as standard model for the political parties of most hues around Europe.

One does not want to become misty-eyed about the achievements of European welfare states, but it does seem reasonable to represent them as a tamer, more pacific, more humane way of expressing national solidarity than the aggressive nationalism of the preceding era. It is in this sense that the growth of the European social model can be represented as wholly consistent with the peace process interpretation of the European project. A reaction against the interventionist state set in during the 1980s and 1990s and market fundamentalism came into vogue again. The EU itself in one sense could be said to have been a major driver of market liberalisation, especially as it sought to complete the single European market from 1993 onwards. Even then, however, it presented itself as a defender of the welfare state in Europe. A standard version of this argument was that strong markets need effective welfare states, since social protection and social services could be interpreted as creating the kind of strong, highly trained workforces that are needed in competitive modern economy.

European project as power process

There is, however, a different way of looking at what European integration fundamentally needs to be about and this leads to a bleaker view of how the welfare state fits into the picture. In this view, the European project of peace-building and democratic consolidation is fine as far as it goes but it simply is not enough to deal

with the challenges facing the European multi-state system. According to this argument, the contemporary problem with Europe's multi-stateness is not its potential for internal conflict but the very fact that it exists at all, that is, that Europe still holds to its fragmented state system. This system is no longer the source of competitive advantage on the world stage that it was in the Renaissance era or even in the nineteenth century, since the world is now increasingly dominated by large politically integrated continental scale powers at least some of whom have all of the vitality that was once the preserve of Europe. In this view, a European Union of 28 small to medium sized states, acting in little more than the merely *economic* integration that the Union now represents, is badly set up to preserve its position in this wider competitive world. This points to the implication that it is only through some form of transcendence of multi-stateness, some genuine pooling of sovereignty in order to boost Europe's capacity to act in concert, that European integration can properly serve Europe's future.

This power-building sovereignty-pooling conception of the European project implies a very different relationship to the welfare state than does the peace building interpretation. The problem here is not the opposition between state intervention and market fundamentalism that is usually the focus of debate about the welfare state. Rather the relevant opposition is between the *national* character of the welfare state and the integrationist impulse of the European project. The very strength of the welfare state in Europe, in this view, represents and helps perpetuate a form of national fundamentalism that is at the heart of the European multi-state system – and that is at the core of the fragmentary nature of Europe that European integration must seek to overcome.

Today, the EU itself does have what some would regard as the rudiments of a system of resource distribution in the form of the EU's regional funds – and Ireland in its time has obtained some benefit from those funds. However, if this is to be taken as EU's parallel to a social budget, then what is striking about it is how tiny it is, even after fifty years of development of European cooperation. It is difficult to define precisely what should be counted as part of such a budget at the EU level (it is unclear, for example, how much if any of spending on the Common Agriculture Policy should be included). But under no measure would the EU's 'social' budget exceed 1 per cent of European GDP and on even mildly strict definition it could fall towards half a per cent of GDP. National social expenditure in EU member states, by

contrast, ranges from around 20 per cent up to 35 per cent of GDP. The ratio between the national and the EU levels of social expenditure is thus at least 25 to one, and on some measures could be counted as close to 40 to one. There is no trend towards a shift in that ratio in favour of the EU level – the pressures to keep the EU budget very small, and perhaps even cut it, are strong and may be growing.

If we follow this line of thinking on the welfare state in Europe, what really characterises the European social model is not the particular role it gives to state vis-à-vis the market (though that may be one of its features). Its distinctiveness lies rather in its mosaic character: the precedence it gives to the national state as organiser of social distribution, its fierce reluctance to hand over any responsibility in that area to the EU level, and the consequent character of social provision in the EU member states as a tableau of national systems of provision rigidly demarcated from each other at the edges. That in turn could be said to reflect what in turn is a fundamental aspect of strong welfare states: their rootedness in strong, bounded, socially closed national communities. It has been said that ‘the welfare state turned the nation into a real, not just an imaginary, community of solidarity’ (Wimmer, p. 61). As such, the welfare state might be counted as one of the more humane and benign forms of national self-consciousness. But it does have limits, and these are limits are most strongly set at the national border.

Conclusion

I set out to ask what a European perspective on the welfare state and European integration might look like, but warned that my focus was more on questions than on answers. I have suggested that from the European point of view, what emerges as striking about welfare states is their capture within national identity. As yet, even in the European Union, they show no sign of being able break out of that national frame. The core question this leads to is whether that feature of the welfare state – its national boundedness – is a good thing or a bad thing, either in itself or in its implications for European integration. It is possible, in one construction, to see it as a benign and necessary basis for social solidarity and as consistent with the European aim of transforming the aggressive nationalism of the past into a humane contribution to social progress and European harmony in the present. In this view, the Europe of 27 member states is still a ‘social Europe’, both in its social commitments and its common Europeanness.

However, it is possible under another construction to see the national character of the welfare state as anti-welfarist in a larger European sense, since it confines the obligations of social solidarity entirely *within* national boundaries, irrespective of the actual distribution of inequality and hardship *across* member states. It could also be said to be at odds with the European project since it depends on and confirms Europe's fragmentation into a multiplicity of states. In this view, Europe's nationally-based welfare model could be considered a much more problematic feature of the European landscape that it is usually portrayed.

It is unsatisfactory in many ways to be unable to decide which of these constructions is the more valid. However, it is better to be uncertain than unaware. In that sense it seems useful to keep in mind that Europe's welfare states looked at from a European point of view raise questions that are easy to miss when looking through national eyes but that may become more difficult to avoid in the years ahead.