

## Utopia for our times

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Let me start with a quote that links directly the title of my presentation to the title of this conference. It is drawn from one of the less known writings by one of the greatest intellectual contributors to the “neo-liberal” break with the post-war consensus:

“We must make the building of a free society once more an intellectual adventure, a deed of courage. What we lack is a liberal Utopia, a programme which seems neither a mere defence of things as they are nor a diluted kind of socialism, but a true liberal radicalism which does not spare the susceptibilities of the mighty (including the trade unions), which is not too severely practical and which does not confine itself to what appears today as politically possible. We need intellectual leaders who are prepared to resist the blandishments of power and influence and who are willing to work for an ideal, however small may be the prospects of its early realization. [...]

The main lesson which the true liberal must learn from the success of the socialists is that it was their courage to be Utopian which gained them the support of the intellectuals and thereby an influence on public opinion which is daily making possible what only recently seemed utterly remote. Those who have concerned themselves exclusively with what seemed practicable in the existing state of opinion have constantly found that even this has rapidly become politically impossible as a result of changes in a public opinion which they have done nothing to guide.” (Hayek 1949: 194)

It worked. And part of the misery in which many of us feel we are stuck today has something to do with the fact that it worked. Only part of the misery, though. The fact that today armored vehicles are stationed in the middle of the recently re-conquered car-free center of Brussels, for example, has far more to do with two other factors alluded to by Tariq Ali in his presentation: (1) the fact that the Iraqi consociational arrangement was obviously less cleverly designed than the Belgian one and (2) the Belgian government’s counterproductive over-reaction to the fanaticism that grew out of it. Not all of today’s misery can be plausibly traced back to the “neo-liberal” break with the post-war consensus. But much of it arguably can, in particular the hardly credible fact that our real GDP per capita is now two or three times what it was at the start of the golden sixties, and that we still manage to spend our lives in a climate dominated by precariousness and the threat of exclusion.

What do we need to do? As so often, the problems generated by the realization of one utopia can only be solved by imagining another one and fighting for its realization. And yes, one possible utopia of this sort consists, as the title of this session announces, in “re-inventing the welfare state”. How?

### Three models of social protection

In his recent *Inequality*, Tony Atkinson (2015: 206) mentions that he once had the plan of writing an article with a title consisting of no words, just “SA vs SI vs BI”. These three acronyms are meant to refer to the three models of social protection: social assistance, which originated at the beginning of

the 16<sup>th</sup> century, social insurance, which was initiated at the end of the 19<sup>th</sup> century, and basic income, whose time has now come. Or so at least Atkinson believes. And so do I. In his view just as in mine, this third model is not meant to replace the other two but to enable them to work better by making their tasks more manageable. It addresses problems that earlier models are ill-equipped to solve, just as the second model emerged and developed after the first one proved unable to tackle the challenges it was facing.<sup>1</sup>

By the beginning of the 19<sup>th</sup> century, the most developed form of social assistance, the English Poor Laws, was in deep crisis. So much so that Burke, Malthus, Ricardo, Hegel, Tocqueville and many others recommended that it should be scrapped and that one should return to private charity. Here is, for example, the conclusion of Alexis de Tocqueville in his *Mémoire sur le paupérisme*:

“I am deeply convinced that any permanent, regular, administrative system whose aim will be to provide for the needs of the poor, will breed more miseries than it can cure, will deprave the population that it wants to help and comfort, will in time reduce the rich to being no more than the tenant-farmers of the poor, will dry up the sources of savings, will stop the accumulation of capital, will retard the development of trade, will benumb human industry and activity, and will culminate by bringing about a violent revolution in the State, when the number of those who receive alms will have become as large as those who give it, and the indigent, no longer being able to take from the impoverished rich the means of providing for his needs, will find it easier to plunder them of all their property at one stroke than to ask for their help.” (Tocqueville 1835: 37)

What saved social protection from a return to private charity is a utopian idea whose general outline was first concocted by Condorcet at the end of the 18<sup>th</sup> century and first implemented by Bismarck one century later. As first articulated by Juan Luis Vives (1526), the core of the first model, then in crisis, was a duty of charity of the rich towards the poor that needed to be coordinated and enforced by local governments. The core of the new model was that workers should be made to put aside part of their earnings so as to cover the risks of sickness, old age or involuntary unemployment. Some, such as the French socialist leader Jean Jaurès, were “sure that one day it is the general and systematic organization of insurance extended to all risks that will substitute assistance”, and this he welcomed because social insurance is “no longer something like the organization of charity, but the recognition of a right sanctioned by a legal sacrifice” (quoted by Castel 1995: 289). This view certainly kept gaining in credibility as the social insurance model spread from Germany to other countries in Europe and beyond, and as it developed before and after World War II under the combined pressure of nation building, working class struggle and Keynesian wisdom about the need to dampen capitalism’s economic fluctuations.

A full replacement did not happen. Means-tested social assistance systems such as *Food Stamps* and *Temporary Assistance to Dependent Children* in the US, France’s *Revenu minimum d’insertion* (now *Revenu de solidarité active*), Belgium’s *minimex* (now *leefloon/ revenu d’intégration*) or Brazil’s *Bolsa Familia* are all modernized and adapted versions of the first model. Moreover, in recent decades, social assistance has not been shrinking to a negligible role. In many countries with a developed welfare state, it has become increasingly difficult to get the bulk of the workers fully within the social insurance system. And in countries with less developed welfare states, the social assistance system — so-called “conditional cash transfers” — has been playing an ever growing role. Are we not heading once again towards a crisis situation that will prompt Tocquevillian calls for the dismantling of social protection?

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<sup>1</sup> The following historical sketch is based on chapters 3 and 4 of Van Parijs and Vanderborght (2017).

To avert it, there are, very schematically, three strategies. A first one operates within the first model, analogously to the 1834 New Poor Laws that systematized the workhouses for the poor. It turns welfare into workfare both in order to discourage take up and in the hope of avoiding long-term dependency. A second strategy keeps banking on the second model. The reduction of the working week and wage subsidies, whether explicit or implicit (for example in the form of reductions in social security contributions or free childcare restricted to the employed) should suck people out of the precariat into the proletariat and at least maintain the appearance of the horizontal solidarity of a social insurance system. The third strategy breaks with both established models by placing an unconditional floor under the whole distribution of income.

The contrast between the three models and the corresponding strategies can be conveyed in terms a contrast between three ways of using part of the economic surplus for the purpose of social protection. The economic surplus can be defined as what exceeds the product of what Marx called “necessary labor”, i.e. the labor required to produce what is needed to reproduce labor power and the material means of production used up in the production process. In the social assistance model, a portion of the surplus appropriated by the rich is extracted from them in order to provide relief to the poor. In the social insurance model, a significant portion of the surplus so defined is appropriated by workers thanks to their collective struggle (and to the capitalist’s collective long-term interest in stable effective demand), and part of this portion is used, via social security contributions, to cover a number of risks workers run. In the basic income model, a portion of the surplus — the very existence of which is due mainly to the work, saving and (above all) inventiveness of past generations, rather than to anything present-day workers and capitalists are doing — is appropriated by society as such and distributed to all its members as a social dividend.

## Reclaiming freedom

The first model of social protection is usually framed as an effort to alleviate poverty, and the second one as a set up for buffering unlucky circumstances. The third one is best framed as an instrument that would give all members of society, as much as possible, the real freedom to shape their lives as they wish. Of course, once in place, it will also significantly contribute both to the prevention and alleviation of poverty and to the prevention of and insurance against risks. Similarly, the second model made and is still making a great contribution to the central purpose of the first one. However, the third model differs fundamentally from the other two through lending itself naturally to a legitimation in terms of freedom, more precisely in terms of a fairer distribution of freedom. For today’s fighters for social justice, this is of major significance. Too often, they have been made to look as if they were pursuing equality at the expense of freedom. Too often, they have let the right appropriate the rhetoric of freedom, from Hayek’s *Constitution of Liberty* and Friedman’s *Capitalism and Freedom* all the way to Haider’s *Freiheitliche Partei Österreichs* and Wilders’s *Partij van de Vrijheid*.

It is appropriate to wonder what might push this third model into existence. For the first one to arise, it can be argued, the rhetoric of Christian charity may have played a role, but it was not enough. Without the stench of the beggars in front of the churches, without the mobs they risked forming in 16<sup>th</sup> or 17<sup>th</sup> century towns, it is plausible to believe that social assistance would never have been born. Similarly, for the second model to arise, the rhetoric of national solidarity definitely played a role, but there is no way our social insurance systems could have developed the way they did were it not for the threat of the organized labor movement and its capacity to trigger damaging strikes. What about the third model?

Something of importance happened since Vives and Bismarck: the slow development and spreading of electoral democracy, including female suffrage — far from irrelevant for a model that does not suffer the same male bias as social insurance. Compared to the beggars' stench and the workers' strikes, is this not a very fragile basis for expecting the rise of a new model. For the latter to have a chance, there must be a real force at work in the democratic process, one that can constrain the power game between capital and labor. This is the civilizing force of hypocrisy, a force that drives even the most self-interested among politicians, because of the public space in which they have to propose and argue, to use the rhetoric of the common good and social justice, and one that drives them, providing the other players — opposition, medias, academics, civil society, etc. — do they job well enough, to align their deeds with their words (Van Parijs 2014). Any democracy that functions not too badly, that is any democracy that does not just aggregate preferences but shapes them through public deliberation, is driven to adopt policies that can be justified to free and equal citizens. We would be naïve if we thought that this civilizing force will prevail in all cases. But we would be blind if we did not see that it is playing far more than a negligible role. And we could have little hope for a more just future, in our societies and throughout the world, if we could not bank on it.

## A European utopia

One major problem is that a society's capacity to grab the economic surplus and distribute it as the civilizing force demands is limited by the capacity of the immediate receivers of the surplus to escape from society's redistributive grip, i.e. by the international mobility of capital and human capital. Very schematically speaking, we have been moving from a situation in which national democracies could impose their rules on national markets to a situation in which they compete with each other on an international market — the global one and, more fiercely, the European one — and are thereby submitted to its dictates. The choice ahead is neatly captured by Dani Rodrik's (2015) trilemma. You can have each of the following three things separately: a transnational market, national sovereignty and an effective democracy. You can even have them in pairs. But the coexistence of all three is unsustainable. In other words, at least one needs to be given up. Which one?

There is no doubt in my mind: it is national sovereignty that must yield. Not entirely of course, consistently with the subsidiarity principle, but sufficiently for the redistributive capacity of government to be restored. This does not demand that we should abolish national welfare states and replace them by a mega-EU welfare state. It demands that a floor should be placed under existing welfare states, so as to reduce fiscal and social competition between them and thereby enable them to preserve their strength and diversity. My concrete proposal (Van Parijs 2013) is for a eurodividend of 200 euros, modulated according to the cost of living in each member state and funded by an EU-wide VAT — unsurprisingly, a modest yet transnational version of the third model of social protection.

To make such institutions achievable and sustainable, it is of course not enough to lift some more powers to the EU level. It is also important that the exercise of these powers should be appropriately designed. A diplomatic, inter-governmental design does not allow the civilizing force of hypocrisy to operate at the right level, in this case the EU level. It is the general interest of the EU, fair distribution among all EU citizens, that needs to be pursued. Therefore, we need not only a (somewhat) more federal Europe. We need a more demos-cratic Europe. This may mean more powers shifted from the Council to the Parliament. This may require more accountability of the Commission to the Parliament. But above all, this demands that major EU power holders should be made accountable to the European population as a whole. The *Spitzenkandidaten* and the European Citizens' initiatives

are modest steps in this direction. The election of a fraction of the members of the European Parliament, including those wishing to sit in the Commission, in an EU-wide constituency, would be another.

Is this not utopian speculation? In one sense, definitely. And deliberately so. In order to solve the problems created by the utopias we realized, we shall need further utopias. If you sometimes happen to be too gloomy to entertain them, do read again Hayek's passage quoted at the beginning and remember that it was written as he was engaging in a long walk through the desert, long before his utopian project would start having a profound impact on public policy throughout the world. This may help convince you that it is not too late but high time to formulate an alternative powerful utopia: one that places freedom at its heart yet counters the neo-liberal dystopia, one that is boldly transnational yet tackles the subjection to the transnational market, one that reinvents our welfare states by equipping them with a robust, partly EU-wide, unconditional floor.

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