OPPORTUNITIES FOR WHOM? – THE EUROPEAN SOCIAL MODEL IN A GLOBAL PERSPECTIVE

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The world experiences an epoch – making advancement of free market economy. Militant individualism and anti – institutionalism threaten the achievements of welfare politics. The topic of social responsibility seems to separate the free world on both sides of the Atlantic. The US is departing from their welfare traditions and is about to replace social by penal policy.

The European Social Model is a peculiar and complex phenomenon. On the one hand it seems to be of rather residual character, on the other it is used by European politicians as a kind of mantra. Nevertheless it could inspire disappointed people across the European Union and become a major means of cohesion.

Looking at the European Social Model from an outside perspective it is easy to perceive. From an inside position the picture is ambiguous. There is no compelling clarity and hence a single definition not readily recallable. We are rather facing a jungle of different concepts, terms and experiences. Only with great difficulties it is possible to cluster them to models. Which of these models should be used in order to develop a strategy of welfare revival depends on its capacity to secure the position of the citizens respectively to promote global competitiveness.

The Nordic model appears to deliver most effectively along these postulates.

WHICH TYPE OF CAPITALISM IN CENTRAL AND EASTERN EUROPE?

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The demise of the Soviet Union and thereby of the socialist alternative at the end of the 1980s revealed the diversity between the capitalist market economies themselves. The globalization and the Europeanisation process advanced in the 1990s have drawn renewed interest in the persistence of national specificities with regard to capitalist systems and their institutional arrangements. The product of this interest is the body of literature in comparative political economy and sociology known as "varieties of capitalism" approach. In the most influential contribution by Peter Hall and David Soskice, two ideal types of capitalism – liberal market and coordinated market capitalism – are distinguished. Bruno Amable, combining deductive ideal typologising and inductive statistical classification techniques, discovers 5 types of capitalism – Asiatic, Continental European, Market-Based, Mediterranean, Social-Democratic.

The available work on varieties of capitalism is focused on the advanced capitalist market economies. According to influential view, postcommunistic capitalism is distinctive type of capitalism, including several distinctive subtypes, e. g. "capitalism from without", "capitalism from above", "capitalism from below" (Ivan Szelenyi). However, as comparable statistics on the postcommunistic countries are increasingly available, and the transition turmoil settles down, increasing numbers of researchers apply the factor- and cluster analytical techniques that were used to typologize the advanced capitalist countries, to the economic and social statistics of post-communist countries. The speaker presents some pioneering results of this kind by Mark Knell and Martin Srholec, Jean-Philippe Berrou and Christophe Carrincazeaux, Iain McMenamin. In speaker's opinion, these results substantiate the view that at the very least one part of postcommunist countries (new members of EU) differentiate along the same lines that are characteristic for the advanced capitalist countries, with Slovenia approaching coordinated capitalism type, and Estonia coming most closely to liberal market type. Some Central European countries (Czech Republic, Hungary, Poland) display similarities with Mediterranean capitalism.

Against the neoliberal thesis that under the pressure of the forces of globalization all national and regional varieties of capitalism will converge in the direction of liberal market capitalism, exemplified by Anglo-Saxon countries, P. Hall and D. Soskice maintain that both liberal market and coordinated market capitalism (exemplified in the most pure way by Scandinavian countries) are stable institutional architectures with their own comparative institutional advantages in the world market competition. However, they deny the stability of the mixed or intermediate types. Assuming their analysis, one could predict that new EU members will differentiate into the majority drifting in the direction of liberal market capitalism, and minority with coordinated market capitalism. However, the choice by EU as a whole to include the social dimension into Europeanization process or abstain from this will be most important factor deciding long-term fate of postcommunist capitalism(s). Most probably, new members of EU will act as "Trojan horses" for the forces of liberal market capitalism.

SOCIO-ECONOMIC POLICY – AN INTEGRATIVE APPROACH

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This presentation examines social and economic policies from an integrated approach. The lecture introduces a methodological analysis of the sets of policies and emphasizes the strong linkage between the two. After reviewing the interaction that exists, it uses evidence from Israel with comparisons to other European countries and their experience.

The main reasons that government becomes involved in service provision – besides ideological reasons, of course – are externalities, market failures and the maintenance of social equity. There are also economic advantages to this government involvement. In the case of, say, transfer payments such as income maintenance and unemployment benefits, the economic advantages are clear. They help shift income to segments of the population with higher consumption patterns and they stimulate the economy by increasing aggregate demand.

Many policy makers in Israel tend to favor policies that reduce the size of the social sector with the intent of stimulating the economy. The assumptions that underlie this policy of shrinking the size of government have become a major element of government policy over the past few years.

The following is an examination of the four assumptions that this policy is based on. The first is that the public sector is a "burden" on the economy. The second is that limiting public expenditure spurs growth and its logical reverse that a large public expenditure impedes growth.