

CAN „OLD” THEORIES EXPLAIN NEW SOCIAL RISKS?**Andon Damovski**

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E-mail : andon_damovski@hotmail.com**Abstract:**

The goal of this paper is to identify the factors that have influence on the development of policies vs. new social risks, such as the evening between work and family relations, long-term unemployment, single parent families and the care for old people in developed social states. This text is focused on the explaining potential of traditional theoretical concepts in a social state such as functionalism, theory of resources, deferent forms of capitalism and institutionalism including theories for reforms under fiscal saving. An analysis is done within this text of theoretical assumptions for development of social policy and their adjustments to post-industrial context in developed industrialized countries.

Key words: *theories, social risks, social policy, post-industrialism, social state*

1. Introduction

In the seventies of last century Europe has witnessed one of the largest transformations from industrial to post-industrial society and economy. On one hand where changed regular roles while on the other the structure of a family. The increased participation of women on the open labor market had created the need for change in the area of family policies. At the same time, high differences in salaries and unstable labor market have forced both parents to do paid employments so they can support their family.

On the other hand, de-industrialization and the increased importance of service sector have generated a larger unemployment and risks of poverty in people with lower qualifications, mainly for two reasons. Firstly, technical improvements in manufacturing decreased the number of non-expert work positions in industry. Second, economies were smaller in range in service than in industrial sector, which created low salary work in service sector (Taylor Gooby, Bonoli 2006). Beside these social – economic challenges, social states had to endure policies of fiscal saving. The challenges in the 1990-ties derived from the fall of economic growth (because of growth of service sector), demographic changes and expanding of governmental obligations have demanded a certain restraint on public social expenditures. Because not all social states have unified lowering of public expenditures or transferring of expenditures entailing these new social risks (NSR), large significance is attributed to development of policies encompassing NSR to assert how many traditional theories of a social state can attribute for explaining of such risks. The focus is mainly on if functional, class mobilization and institutionalized approaches, but also theories for lowering can give the answer for implementing of new social risks in social policies targeted to new social risk groups.

The text analyses theoretical assumptions for development of social policy and their adjustments to post-industrial context in developed industrialized countries. The policies of NSR are focused on studies of cases or explore influence of certain determinants. However, often missing is empirical verification of a combination of different theoretical explanations. Second, researches until now have used certain subgroups (for example participance of women in policy) to estimate mobilization of the group of new social risks. However policies of new social risks should represent an alternative indicator not taking in consideration only participance of one subgroup (women in policy) but all individuals affected by new social risks. The degree of individuals struck by new social risks, the influence of left oriented parties in policy, mobilization of new risk groups, levels of coordination of salaries and also orientation of social state to old people influence the expenditures of new social risks. However, the results don't confirm the hypothesis that financial challenges give an appropriate opportunity for adjusting of existing social policies and with this enable the increasing of expenditures for NSR.

2. Post-industrialization and new social risks

Although the concept of NES is often used in literature, only several authors have given its accurate definition. According to more limited definitions new social risks are in relation with poverty among work-able population, while according to more extensive definitions new social risks include risk derived from privatization which occurred as a result of wrong decisions of individuals in relation to proper protection from social insurance. However, privatization represents an additional political conflict based on neo-liberal ideological movements and recommendations by international organizations, creating an opportunity for expanding of the range of offering of private social services at the expense of lowering of expenditures for social help.

According to certain authors defining of new social risks is considered problematic because in its nature doesn't contain situations based on structural events but includes certain political decisions. As a result new social risks imply situations where people face loss of social help derived as a result of post-industrial transformation (as increased participation of women at open labor market, increased instability of family models and deinstitutionalization). Generally taken, new social risks have the tendency to be concentrated to families with children, single parent families, young people, and people with low qualifications. Unlike traditional risk groups, new social risks vary based on their material interests and preferences (for example employed parents opposite to less qualified and young workers). On the other hand, groups of NSR have less political influence based on their participation and inclusion in the political system. However, there are few similarities among the groups affected by NSR. Firstly, they are new in the sense they were marginalized only until the 70-ties of last century. Although it can be disputed if these risks are new, they are at least "newly recognized". Because of changes in the normative frame, they are often tied with and struggle with implementing of new political measures. Secondly, new social risks have the tendency to be concentrated among same individuals and often overlap. Finally, this group is insufficiently covered by the industrial social state which post-industrial policies have tendency to correct. Three main types of post-industrial social policies can be differentiated (or policies of NSR): active policies on the labor market (APLM) family policies and policies connected to old people. Compared to traditional industrial policies, such as handicap, illness, protection from

unemployment, post-industrial social policies are differentiated in a specific manner. Firstly, policies of NSR not only have the goal to lower risk of poverty, but also tend to increase gender equality and individualization as a result of changes in value. Secondly, this policy doesn't encompass specific groups (for example workers), but it directs itself toward an individual in different phases of his life, such as childhood, work period and pension. Finally, policies of NSR have the goal to relieve entering of individuals on the labor market in a way that they will increase their quality of living. As a result, implementing of such policies is considered crucial because not only it secures cash transfers to individuals but also relies on providing of services for integrating in social happenings.

2.1. Different logics of functioning

Functionalism – According to functionalistic approach, the appearance of Industrialization in states of well-being was the answer of growing necessity and demands by its citizens constructed by the disappearing of traditional forms of existence and in-between help. The process of modernization has resulted in social disintegration, compensated by providing of social protection until the depletion of governmental financial aid. Since the eighties of last century this approach is severely criticized based on empirical evidence, opposite to the theoretical explanation of states with comparable degrees of modernization shown by different social policies (for example Sweden and USA). For example, the countries where post-industrial transformations occurred in the seventies of last century were faced with good political options, because in the period countries of well-being didn't satisfy the requirements for lowering and preserving of pensions which occurred as a result of demographic changes. This is why policies of NSR suggest that the development of social policies depends of the degree of NSR. However, main critics regarding implementation of policies of NSR remain. Although structural changes help explain differences between Scandinavia and Continental Europe, they can't explain the differences between Scandinavia and Anglo-Saxon countries (Bonoli 2007, 513) or the variations occurring in continental Europe. The question of causality is given: If social –economic transformations influence the establishing of social policies? If implementing of social policies leads to structural changes? – The answers of these questions within social policy have not yet given a solution.

Theory of resources (Power Resource approach) – This approach claims that variations in social determination among countries can be tied to reallocation of resources among economic classes. The model of social state differs depending of the structure of party system, relative strength of certain political parties and resulting coalitions. The strength of left oriented political parties, especially social-democratic parties connected with strong syndical movements, shows that social democracy has positive influence on the size and generosity of states for industrial welfare. While central and supporting position of social –democratic parties and syndicates is clearly recognized regarding development of the state for industrial welfare, it is less obvious regarding policies of NSR. According to Rueda (2005), social-democratic parties support interests of „insiders“. They, for example, support the active policies on the labor market only in such are compatible with the interest of insiders. So, beside the traditional conflict of socialism and capitalism, a new split has also appeared among authoritative and liberalistic values. This new conflict has forces social-democratic parties to adjust their ideology. As already mentioned, the goal of policies for NSR is not only to lower the risk of poverty, but to secure adaptation to new needs, such as gender equality etc. Because

liberal values are more compatible with post-industrial policies and authoritative values with traditional social policies, it can be expected social-democratic parties to focus on mainly liberal voters with the single goal – to be supported in the context of policies of NSR. Also Christian – democratic parties have played integrative role during the development of the social state. Their goal, however, was mainly directed toward preserving of traditional harmony through providing of support for families during an employment period and going to pension. Their focus was mainly directed toward social transfers but not redistribution of services as traditional values and interests of their voters which could support adjusting of permanent social policies in post-industrial needs. However, empirical studies show that the policies of NSR are implemented in social states with strong Christian-democratic parties. One example is the implementing of active policies on the labor market as a reason for efficiency. According to the approach of the government, not only political parties, but also mobilization of workers has influence on the social state. Seeing the groups of NSR, it is unlikely that their mobilization has influence on the development of post-industrial social policies. Firstly, it is hard to mobilize groups of NSR, because of their heterogenic preferences. Beside this, traditionally struck will “counter-mobilize” to preserve industrial social policies.

Types of capitalism – The representatives of capitalism reject the central assumption of theory of resources used by employers to oppose social policies. Beside this, they claim that coordination of the interests among actors, such as firms, employees, syndicates and governments depends on the prevailing formal and non-formal institutions, but also from the market structure. Hall and Soskice (2001, 8f) differ two ideal systems of market economies: liberal and coordinated. While both systems create stable market balances they are different based on their structure for acquiring of skills and the positions of employers toward the social state. In prior ideal type, markets were fluid and competitive. As this production regime requires general skills it is expected that workers will invest in such skills and in this manner find satisfying safety on the market and possibly filtrate one work position with another. On the other hand, coordinated market economy relies on highly qualified workers with specific human capital. Unable to cover the investments of employees in skills specific for the industry, employers support public social programs (for example, protection of employment and insurance while unemployed).

The approach of different types of capitalism can probably only partly explain the development of post-industrial policies, because it is focuses on highly qualified workers and therefore less on outsiders as long-term unemployed individuals or individuals employed part time. Further on, it predicts stability of social policies based on the prevailing regime of production and interests of the employers, including workers who will oppose to any changes occurring from new demands or financial challenges. On the other hand, it can be claimed that workers will support policies of NSR, because they are interested to reintegrate workers, such as highly qualified women on the labor market through promoting of policies which will unify work and family, especially in time of deficit of work force. According to Neumann (2005) in Sweden, employers actively support opening of child institutions in the fifties and sixties, while Morgan (2003) has discovered similar inter-class coalitions in France since the seventies of last century. This argument is not limited only to family policies, because post-industrial social policies possess a special characteristic to relieve participance of individuals on the labor market not tending to de-commodify employers. These political attempts can be connected with the interests of employers (Bonoli 2005). In regard to the interest of employers for social policies, it is decisive to take in consideration the existing institutional context. Therefore, in

can be expected that under certain institutional conditions appear inter-class alliances supporting development of post-industrial policies.

Institutionalism – According to this approach, the appearance of social states depends on political institutions and state structures shaping the capability of different actors to influence processes of decision making. The main argument is that constitutional structures which concentrate executive power to certain actors relieve implementing of social policies and lead to generous states of social help, because political opponents possess only limited institutional possibilities. If the government is split among several actors, it is most likely that it will keep the „status quo”, no matter if the state of welfare is „secluded or ongoing”. Therefore, it can be expected that institutions concentrated on power to relieve the development and implementing of post-industrial policies. Taking in consideration the rates of poverty that struck groups exposed of new social risks, Huber and Stephens (2006) have asserted an empirical support to this hypothesis. According to them, institutional approach supposes that already set social institutions influence the size of social expenditures and give a specific context where new politics can be implemented. All developed industrialized countries in the post-World War II period have implemented new social systems for handling with traditional risks. However, they are different in relation to the degree of intervention and arrangement. While some countries have resulted in social states oriented toward old people, mainly focusing of workers in pension, others were focused on individuals, regardless their work situation and helped for weakened social states. Depending on the age orientation and predisposition of the social state, some social policies are increasingly adjusting to new needs and demands (for example, pre-school system in France). On the other hand implementing of post-industrial policies for the countries with welfare with generous pension systems is followed by difficulties in structuring which will probably imply certain other policies. Beside the generosity of the programs, the age structure of the population also obstructs the reforms.

The question arises if such approach can explain the appearing of post-industrial policies, predicting the stability of a social state based on the dependence of the path, political resistance and the inability to explain changes and implementing of reforms. However, some countries have implemented reforms and adapted current policies to new needs and demands by the citizens. For example, Switzerland has adjusted pension rights and adopted insurance for pregnancy leave in 2004 year, while Netherlands has improved social providing of atypical type of work. A true example for a reform of the pension system is Greece where the age limit for pension has increased to 65 years, the contributions regarding employees are lowered and special schemes for single parenting are implemented.

Theories of retention – Critics of historical institutionalism have suggested alternative explanations for ongoing reforms. According to Streeck and Thelen large institutional changes doesn't occur only in “critical obstacles”, but in large number of smaller institutional adjustments bringing to „gradual transformation”. Pearson (2001) has given theoretical explanations on implementing of the reforms. His approach is based on three dimensions where reforms can occur. The first dimension is directed toward recurring commodification, respectively a degree to which benefits are lowered. Their approach is limited in order to integrate individuals such as women, single parents and unemployed on the labor market. The second dimension relates to lowering of expenditures demanded by supra-national organizations from Governments for financial saving. The last dimension relates to recalibration and distinguishes two forms of adjustments: correction of programs providing wrong stimulations (rationalization) or adaptation of social policies to new needs and demands

(updating). The advantage of this approach is it can produce different forms of reforms based on the range of the policy (family, pension etc.). While lowering of expenditures has an integrative role in health and pension sector, policies for the labor market can again be commoded and recalibrated. Beside, these dimensions not only enable comparing of several areas of social policies, but also enable comparing of different types of social regimes. Although this approach is considered to be interesting, it doesn't explain the appearance of these reform possibilities neither explains 'mechanisms' for implementing of such. In this direction Levy (1999) has given an alternative explanation on why reforms occur in conservative regimes of welfare. He claims that unequal treatment of those traditionally struck by new social risks causes economic inefficiency and high public expenditures. According to him, the Christian-democratic parties, on one hand, can no longer assign these inequalities in society as a result of the modernization process so they can't implement lowering of expenditures. Such period not only creates a theoretical frame and neglecting of influence of institutions but it also creates reasons for obvious changes in permanent social policies and occurrences for post-industrial policies.

The more efficient policies of NSR secure a possible alternative for adjusting of existing social policies, because they don't rely only on money compensations, but also on offering of services in order to integrate individuals on the labor market.

3. Conclusion

Returning to the question „*If old theories can explain new social risks?*” the analysis of the text has shown that „traditional theories” can explain the development of policies for new social risks. According to the analysis of the theories the degree of new social risks, the percent of left oriented parties in the parliament, and mobilization of groups for NSR have positive and significant influence on post-industrial expenditures in social states. Same also refers to the role of institutions such as salary level, coordination and concentration of power. The orientation of a social state toward creating of policies for vulnerable categories of population has shown to be a negative influence and it implies that permanent social policies hardly adapt to new creative solutions. On the other hand, the analysis regarding fiscal saving has shown that the influence of the social deficit as a result of a complex mechanism and opposing effects of the three reform dimensions can't be confirmed. The possibility to take in consideration the implemented reforms not evident in the data for expenditures can imply not only to summing of quantitative pointers, such as the number of recipients of social aid, but also to enabling of more detailed analysis of the changes in specific social policies (for example changes in the level of benefits or conditions enabling limiting or approach to services for certain new risk groups).

In the end, however, the analysis of traditional theories in simplifying of new social risks points out that similar factors influence the development of an industrial social state and with this the post-industrial social state.

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