

## The Welfare State in the Age of Reason

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(KERSTENETZKY, Célia Lessa. *O Estado de Bem-Estar Social na Idade da Razão – a Reinvenção do Estado Social no Mundo Contemporâneo*. Rio de Janeiro: Elsevier, 2012)

*The Welfare State in the Age of Reason* is not a neutral or modest book. It openly defends a position and suggests specific paths for social policies in Brazil based on successful international experiences that have produced more equality. In its first sentence, the author claims that the book is a defense of the welfare state - in clear opposition to a widespread idea highlighting its crisis - which shows resilience and solid institutionalization. Furthermore, an expansion is observed in emerging countries precisely during these decades of austerity - a period known as the “silver years” of the welfare state. After declaring her position, the arguments in the book are built from the objections and difficulties presented by an imaginary skeptical discussant, but that, in fact, express common arguments, pessimistic or ideological, which ultimately justify the inertia or a negative view concerning the option of a bold and truly transformative solution, on the one hand, or deny the credibility or even the desirability of a more radical redistribution, on the other hand. From these stated assumptions, the author dares to sustain and suggest that these solutions are feasible and presents her arguments in the defense of a universal welfare-redistributive state. This is achieved by mobilizing an extensive and updated bibliography on states or welfare regimes, comparing historical experiences and presenting a set of data and evidence capable of convincing the reader of the viability of her gamble. At a minimum, it raises a promising question for readers who desire more egalitarian outcomes in our “welfare state”: is this indeed a feasible path for Brazil? This is one of the merits of the book: it provides not only information and relevant analysis concerning development and the welfare regimes’ state of affairs, but it also urges us to think about policy alternatives.

The specification of the assumptions from which the author builds her arguments is the point of departure and presented in the first part of the book. These include both defining the welfare state as social welfare - the object of intervention of any welfare state - and its relation with development. Without questioning, the author assumes a broad delimitation of the welfare state – which is not free of controversy – by identifying the minimum requirements of public intervention and categorizing them along a line of maximum and minimum manifestations (different from other schemes, such as the well-known typology of Esping-Andersen). In this sense, it seems that the author does not endorse the classical distinction between states and regimes of welfare, using the terms interchangeably. Instead of attempting to solve these conceptual problems, she adopts a practical solution to the problem of concept definition: what the welfare state actually is in its various empirical manifestations. To develop the concept of welfare, the second “assumption”, the author bases her arguments on classic works such as Titmuss, Marshall and Sen and then builds a normative definition along the lines of the Scandinavian school of social welfare. In this integrating reconstruction format, the reader is presented with the notion that the welfare state should seek the satisfaction of social needs, to offset social costs for economic activities, to guarantee social rights and to promote the expansion of capacities, formalized as real freedom. Still in the first part of the book, a recurring theme in the political agenda is dealt with, namely the notion of a trade-off between development and distribution in which Kerstenetzky presents a quite relevant and innovative contribution. By questioning the assumptions that welfare states presupposes a certain level of economic development or even a trade-off between growth and redistribution, which would involve choosing either one or the other, the author presents arguments and irrefutable evidence which demonstrate a positive relationship between welfare state and development, particularly the contribution of the former to the latter.

An important analytical distinction guides this discussion and places it in a diverse field from social development theory. It refers to the distinction between social policies oriented economically and economic policies socially oriented. Such a distinction goes beyond an analysis of the unintentional social effects of economic policies and vice versa, and considers the degree of autonomy of each policy field. Having as a paradigmatic example the Scandinavian case, Kerstenetzky shows how some elements of social policies were crucial to boost development: universal policies to support families and social services such as education and infant or elderly care services had economic impacts on both the supply (expanding social services, creating jobs and promoting labor market inclusion) and demand in general. Regarding socially-oriented economic policies, the author highlights the reconciliation between economic growth and distributive objectives. The argument stating a positive relationship between the welfare state and development will be the

guiding thread of the book and the backbone that justifies the construction of a model of development rooted in welfare policies; not restricted, therefore, to a strict economic point of view.

The second part of the book recovers the historical, ideational roots, characteristics, distinctions and specificities, and the recent developments of welfare state changes associated with new social risks. This effort covers a comprehensive reconstruction filled with data and information, from its origins in Europe up to the first decade of this century, and includes a description and an analysis of the “belated” welfare states, in this case referring to Latin American countries. Against the argument of a welfare state crisis, dismissed after an analysis of social spending, the book presents a framework for the changes in recent times in the sense of being changes in the architecture of policy programs and adaptations that resulted in the privatization of welfare provision in “traditional areas” – and although not becoming residual, there might be possible impacts on redistributive capacity -, and the expansion of public intervention in the area of services. In the same way different welfare regimes were formed, different responses are given to new external circumstances in the “Silver Age”, which followed the “Golden Age”, and also receives the name the Age of Reason of the welfare state – an expression which, incidentally, gives the book its title. The explanatory key for this diversity is to be found in the different political priorities and specific institutional trajectories in such a way that the political voluntarism is associated with the consequences of previous choices, which includes the legitimacy achieved by states, regimes or models of welfare - as the terms are used in an interchangeable way. However, in terms of the future of the welfare state, the analysis raises many questions which are not given definitive answers because despite being resilient and institutionalized it might also be “changing its soul” to use the expression of the author. Although the author denies these changes, the data suggests less redistributive trends. Could Kerstenetzky’s bets concerning the construction of welfare states that are able to simultaneously produce development and significant redistribution be compromised given the cracks in the mirror?

The third part of the book focuses on Brazil and it ranges from the historical reconstruction of the Brazilian welfare State (given the adopted definition, the term is applicable to Brazil) to a prospective analysis about future directions - or the consequences in terms of a future agenda - which, as the argument develops, could benefit from this belated condition and mirror the best known international experiences, in other words, those that have produced more equality. Moving beyond the simple reproduction of well known interpretations, Kerstenetzky brings something new concerning the most recent developments by analyzing closely the first decade of this century in which she identifies as the prelude of an extended universalism that would characterize the third wave of institutional

innovation and the diffusion of social rights in Brazil, preceded by two others: the corporatist and the basic universalism. In this third wave, which reflects the constitutional changes and the variations in political coalitions, a shift is observed in the governmental strategy in the sense that growth becomes “a variable, to a certain extent, endogenous to policies and social spending (...) and to administer the fiscal adjustment in order to gain increasing degrees of freedom for the promotion of growth with redistribution”. In other words, this period would have witnessed the experimentation of economically-oriented social policies and socially-oriented economic policies. The demonstration of this argument is supported by a massive set of primary and secondary data, one of the merits and original contribution of the book.

However, from the normative perspective that guides the book – namely, the need to advance towards the reduction of inequalities by means of public interventions of a certain type and by forging the articulation between economic and social policies – the fundamental aspect is to acknowledge the centrality of the socioeconomic inequalities in the country, although there has been a movement towards extended universalism, it has not been truly redistributive yet. This is a core argument, articulating all others, which defends a new model of development that is redistributive and protect individuals from the new social risks of today. This also means to challenge all skepticism concerning the economic-financial and political sustainability of such a welfare state. It is precisely in the largest welfare states (those characterized by maximum manifestation) where the financial and political conditions for a greater redistribution exist. This may be another one of the book’s major contributions to the debate: the inescapably articulated character of economic and social policies as well as the political legitimacy that support them. In addition to concerns of justice, redistribution is also economically sustainable.

The end result is a mature and audacious book that shows an author engaged in the theme of inequality and development with the aim of producing knowledge that could inform public policy alternatives in Brazil by comparing international experiences. It also reveals the author’s double affiliation as an economist and a political scientist. If a certain economic bias emerges – in a positive way, it is important to add, for a fruitful analysis of social expenditures, their redistributive results and consequences to inequality, for example – given the nature of the data used, the policy analysis is not ignored. It emerges, for example, from the analysis of the political factors that could explain both the emergence and expansion, as well as the format and the degree of sustainability of social interventions, citing, among others, the idea of path dependency to explain the continuity of trends as a function of interests and ideas formed throughout the development of welfare regimes – along the trail of the new historical institutionalism applied to the analysis of public policy decisions. In other words, fine political economy. Part of the book produces a summary

of the most renowned analysis concerning welfare states or regimes, but it also forges a reinterpretation from the main focus - namely, which model of development produces greater distributive justice - and the assumptions and theoretical and conceptual framework which are points of departure. For the novice on the subject, the revision and reconstruction parts offer a broad state of the art picture, especially concerning the debates and controversies in the analysis of the welfare state, including a mix of historical account and theoretical-normative arguments. Alternatively, for the more experienced reader, it provides an innovative analysis based on a quite ample informational material, as well as presenting a set of updated and original information from different sources, which is the result of mapping and matching together diverse findings to support the arguments. More than a reinterpretation, a re-explanation is produced, particularly concerning the recent developments of welfare states or regimes.

Finally, the book has also the merit of merging quality and theoretically informed research with the *advocacy* of a specific model of development. A book certainly bound to stir controversy, but an essential read for those interested in the subject of social policies and development in Brazil.

Translated by Sandra Gomes