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BETWEEN CONFLICTING GLOBALIZATIONS**

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After a triumphant but rather short career, the concept of globalization is today the object of fierce contestation. The debates can be formulated as questions for which contradictory answers are being given. Here are the main ones: Is there globalization and if so how important is it? Is globalization a new or an old phenomenon? Has globalization eliminated the hierarchies of the world system which we have been used to see as an integrated set of core countries, peripheral countries, and semiperipheral countries? Does globalization entail just homogenization and deterritorialization or rather differentiation and localization, as well? Is globalization essentially economic or is it also political, social, and cultural? What is the impact of globalization on the nation-states and on the local cultures? Is it irreversible? Is it a good or a bad thing? Are there alternative forms of globalization or are there alternatives to globalization?

This is not the place or moment to give my own answers to these questions. I will limit myself to briefly state those that are more relevant to the argument that will follow. What we call globalization are bundles of cross-border social relations. Since social relations are always power relations, different bundles of cross-border power relations give rise to different forms of globalization. If so, only at a very abstract level is it

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legitimate to speak of globalization in the singular. In reality there is no globalization but rather globalizations, and we should always use the term in the plural. The globalization of free markets, structural adjustment, and financial speculations is to be distinguished from the globalization of feminist, ecological or indigenous movements. Transnational advocacy NGOs are to be distinguished, as global actors, from the multinational or global corporations. In my research, I consider four modes of production of globalization, which can be aggregated in two types of globalization, and are distinguished by the constellations of power they comprise and the social groups mobilizing them. I call them hegemonic globalizations and counter-hegemonic globalizations. Hegemonic globalizations are the forms of globalization mobilized by dominant social groups to further their interests. Global capital and neoliberal orthodoxy are the best examples of hegemonic globalizations. On the other hand, counter-hegemonic globalizations are those promoted by subordinated or oppressed social groups to further their interests, in most cases resisting against the harsh consequences for them of hegemonic globalization. Counter-hegemonic globalizations take the form of cross-border networks or coalitions of local initiatives or movements. The Grameen Bank or the initiatives of participatory budgeting in some Latin American and European cities are good examples. Counter-hegemonic globalizations may also take the form of global solidarity vis-à-vis a given local initiative, such as the case, most notable in recent years, of the Zapatist movement.

It is not always easy to distinguish, in specific instances, hegemonic from counter-hegemonic forms of globalization. Just take the example of labor standards as a conditionality of free trade, promoted, albeit in different terms, by the ILO, the EU, and the USA. Seemingly a counter-hegemonic globalization as it confronts the neoliberal orthodoxy on

behalf of a subordinate group — the industrial workers — labor standards has been considered by labor unions in the peripheral countries as a form of North-based protectionism, and, as such, a form of hegemonic globalization. On the other hand, what starts as a counter-hegemonic agency or initiative may be coopted by hegemonic forces and become itself an hegemonic globalization. For instance, many transnational advocacy NGOs, many of which started with unequivocal counter-hegemonic political agendas, have been questioned in recent years for their increasing financial dependence on multilateral financial agencies and core states and their consequent subordination to the latter's hegemonic interests.

However difficult to establish at times, the distinction between hegemonic and counter-hegemonic globalizations should be kept, particularly in the area that concerns us here most, the area of social or welfare policies. As is already implicit in the above, globalizations have not eliminated the hierarchies in the world system. They have transformed and, in most cases, deepened them. The world system goes on being an hierarchy of core, peripheral, and semiperipheral features. It is the specific mix of their features that makes the countries core, peripheral, and semiperipheral. As Portugal has a core region, Lisbon and the Tagus Valey, so some of the inner cities in the USA comprise third world conditions. This, however, does not contradict the fact that the US is a core country and Portugal a semiperipheral one. Finally, concerning debates on globalization, it is my contention that a progressive agenda should nowadays focus on alternative globalizations rather than on alternatives to globalization. Even when a given initiative or struggle starts as an alternative to globalization, it won't succeed in the long run if in the meantime it does not transform itself, through

counter-hegemonic alliances and networks, into an alternative globalization.

The field of social policy is today a field of intense and contradictory globalizations. Some authors speak of global social policy. In its broadest sense, social policy includes all state and non-state policies concerning social welfare from social security to health, education and housing issues, from safety nets to social and economic rights, from social redistribution to social assistance, from campaigns against poverty and homelessness to social citizenship. It is common to distinguish between social welfare, as the total amount of welfare provided in a given society, and state welfare as the welfare provided by the state through social policies. Partially juxtaposed to this distinction is another one concerning the different kinds of solidarity that underlie social policies. There is solidarity — national, professional, intergenerational solidarity — which, through the mediation of the nation-state, is converted into social and economic rights, aiming at social citizenship in general. And there is social solidarity, originating either in civil society or in the state, which operates not through the granting of rights but through the exercise of charity or assistance limited by the means, benevolence or largess of the providers.

Social policy has been in our century a national or even local issue. Today, however, the idea of a global social policy is emerging. It has two different meanings. On the one hand, global social policy refers to supra-national or transnational policies or policies involving a plurality of countries. According to Deacon, Hulse and Stubbs, such policies may consist in transnational regulation, transnational redistribution or transnational provision (1997). On the other hand, global social policy refers to the ways in which hegemonic transnational agencies develop

certain philosophies, models and instruments of social policy which then seek, through influence, pressure and intervention to have them adopted in different countries. This second meaning will mostly concern us here. In this second sense, global social policy is both an old and a new phenomenon. To understand this it is important to introduce a new distinction, between high-intensity globalization and low-intensity globalization. When below we speak of the different models of welfare states we will be referring to national systems of welfare which were implemented in several, mainly European countries. They were both national and supranational systems, to the extent that they were national responses to supranational conditions, namely post-war reconstruction and the rise of fordism or organized capitalism. That is why a similar pattern of welfare provision could arise in different countries around the same time. This is what I call low-intensity globalization. It contrasts with what we call global social policy today, in that now the global conditions translate themselves into supranational institutions that develop their own models of welfare, which are then offered or imposed to different countries. Now the national conditions and responses are much less important than the global pressures. In sum, we are faced with a high-intensity globalization.

In the following I will briefly describe the evolution of the welfare policies in Portugal in the last 25 years and the international context in which it occurred. I will concentrate on the last period, from 1996 onwards dominated by the debate around the social security reform. I will argue that the debate has spinned around two axes. The first debate, centered on the dichotomy high-intensity/low-intensity globalization, has focused on the greater or lesser role of the national conditions in defining the scope and the pace of the reform. The second debate, centered on the dichotomy European social model/neoliberal welfare model, has

focused on the political orientation of the reform, on the social interests to be privileged, and on the political coalitions sustaining them.

In early 1974 Portugal was a paradoxical country. On the one hand, Portugal was one of the least developed countries of Europe and, at the same time, the oldest European colonial empire. On the other hand, the state, while active in strengthening the economic ties with western, democratic Europe, was the longest lasting fascist-type regime in Europe. On April 25, a bloodless revolution put an end to the dictatorship. It started as a military revolt led by a sizeable group of young officers who were eager to put an end to the colonial war. Soon thereafter the greatest popular mobilization of post-war Europe put the goal of socialism on the political agenda of major political parties. On March 11, 1975, the political process underwent a qualitative change: extensive nationalization of the industry; total nationalization of the banking and insurance system; land seizures in Alentejo; house occupations in large cities; worker's councils; self management in industrial and commercial firms abandoned by their former owners; cooperatives in industry, commerce and agriculture; neighborhood associations; people's clinics; and cultural dynamization in the most backward parts of the country. As the revolution radicalized its claims the political battle intensified with some extreme right groups resorting to violence with the probable collaboration of the Catholic Church in Northern regions of the country, the so-called bombing network. The core conflict was then between those in favor of a social democratic, Western Europe-type project of capitalist development, and those in favor of a more radical socialist project. In November 25, 1975, the former prevailed, and the country started a complex process toward a social democratic welfare state, at a time where in Western Europe the

welfare state was entering the period of crisis which is well known to us today.

In order to analyse and evaluate the Portuguese Welfare State we must bear in mind the features commonly attributed to the Welfare State in general. The welfare state has been the dominant political form in the core states of the world system for the last fifty years. It is based on four structural elements. First, a social pact between capital and labor under the aegis of the state, a pact whose ultimate goal is to make capitalism and democracy compatible; second, a sustained, even if tense, relation between two potentially contradictory state tasks: the promotion of capital accumulation and economic growth and the safeguard of legitimation understood as government by consent of the large majority of the population; third, a high level of expenses in social consumption (welfare services); fourth, a state bureaucracy that has internalized the social rights as citizen's entitlement rather than as state benevolence. Judged in light of these attributes the Portuguese state falls short of the welfare state. To begin with Portugal is not a core country, it is a semiperipheral country, a country of intermediate development, integrated in a multinational core of the world system, the EU. Rough as it is, the GNP per capita is one of the indicators of such intermediate development. In the study on the evolution of the GNP per capita throughout the world in the last fifty years, conducted by Arighi and Drangel, Portugal occupies a consistent intermediate position. The levels of productivity, the educational level of the labor forces, the importance of tourism and emigrants, remittances, all of them confirm the semiperipheral nature of Portuguese society. As I will show below it is characteristic of these types of society to oscillate between policies that are typical of core societies and policies that are typical of peripheral societies.

Because of this oscillation it is important to review the four conditions that have presided over the development of the welfare states in Europe. Concerning the social pact between capital and labor, in the European core countries the social pact came about through a complex process made up basically of three structural elements: state regulation (state law), contractual regulation (contract), and shared values (cultural regulation). Before 1974, such process was blocked by the hypertrophy of state regulation, typical of an authoritarian regime, and its pretended tutelage over all other forms of social regulation. But the social pact was not possible right after the revolution either. To begin with, capital was devastated by the nationalizations. Moreover, after almost fifty years of authoritarian tutelage, neither capital nor labor had any experience of autonomous organization and negotiation. On the contrary, the labor unions, under the influence of the communist party, favored a strategy of confrontation. Finally, there was little cultural normalization at a moment when the debate over the socialist or capitalist future was in the political agenda. Contrary to what had happened in Europe after the war, the question was not how to make capitalism and democracy compatible but rather whether or not capitalism should be overthrown altogether.

More than fifteen years were needed to create the conditions for a social pact. The most important steps were the following. First, the 1976 Constitution. It was a very programmatic Constitution in style. Even though it declared a strong version of socialism, that is, a classless society as the ultimate goal of national development, the 1976 Constitution guaranteed all the civic, political, social, and cultural rights of an advanced democracy, and established a system of representative democracy combined with some forms of direct democracy under the constitutional control of a Revolutionary Council.

A second step towards a social pact was the active role of the state in promoting the creation of social actors in the style of the European social democratic actor favoring strategies of negotiation and concertation. Because the only Federation of Trade Unions, the CGTP, was under the influence of the Communist Party and kept a very aggressive discourse dominated by the resentment against the failure of the revolution and the betrayal of socialism by the Socialist Party, the State was active in promoting the creation in 1978 of an alternative Federation, the UGT, closer to the government and eager to enter negotiations with both the state and capital. In doing so the democratic state, in a certain continuity with the authoritarian state that preceded it, was involved in creating a civil society which corresponded to the state's objective of consolidating a stable social regulation, albeit this time a democratic one. Following some European models, the state also founded, in 1984, the Permanent Council of Social Concertation, composed of six representatives of the government, six representatives of labor, and six representatives of capital, and having wide consultative functions covering all economic, fiscal, and monetary policies.

The third step towards a social pact was the constitutional revision of 1982 that put an end to the revolutionary traits of the 1976 Constitution, canceling out the irreversibility of the nationalizations, thus opening the space for the privatization of nationalized industries and banks, and hence for the reconstruction of Portuguese private capital.

The fourth step was the integration of Portugal in the then EEC in 1986. Joining a supranational organization based on a far-reaching economic, social and political pact would be an incentive to the organization of sectoral interests and the development of a political culture of dialogue and social concertation in the Portuguese society.

However crucial these steps, they only very slowly led to the emergence of a social pact. To underlie the difficulties in developing a social pact in Portugal it will suffice to mention that the CGTP, representing 70% of the labor force, refused at first to join the Permanent Council of Social Concertation, having agreed to participate actively only after 1987. Since then some collective agreements have been reached now without the participation of the CGTP. But all of them have been implemented only very selectively, which prompts us to conclude that in Portugal there is a deficit of corporatism that has allowed for a greater autonomy and centrality of the state and state regulation. The most recent agreement, probably the most ambitious one though reached without the participation of the CGTP, included a vast set of proposals about the reform of the welfare policies. More on this below.

The second condition of the welfare state concerns the balance between accumulation and legitimation tasks. In the years that immediately followed the 1974 revolution, there was no room for such balance. Legitimation took an absolute precedence over accumulation. The state, which had itself become the centre of the struggles, promulgated important labor and social legislation under the pressure of the increasingly radicalized labor movement amplified by the multiple forms of popular mobilization that took place then. In spite of the fact that the possibility of a post capitalist future was on the agenda, the new legislation took the social democratic legislation of Western Europe countries as a model (autonomous labor unions, right to strike, prohibition of lock out, social benefits, employment security, minimum wages, collective bargaining, restrictions on layoffs and dismissals).

The impact of this legislation was soon translated into the relative weight of wage income in the national income. While in 1973 wages and

salaries were 43,7% of the GDP, in 1975 they were 57,6%. The dramatic increase in wage incomes had a fatal impact on the balance of trade. The consumption of consumer durable, mainly domestic equipment, by the working classes, which was the trademark of the fordist wage regulation in post-war core countries, was made possible to the Portuguese working classes only with the 1974 revolution. In the following years Portugal had the fastest growing rate of consumption of TV sets and washing machines in Europe. The imports soared, and so did the public deficit and the foreign debt. The first stabilization program with the IMF (later on called structural adjustment program) was signed in 1978 and the usual prescription was imposed: restriction on internal consumption and promotion of exports.

Such policy meant the devaluation of Portuguese labor first brought about by inflation and the devaluation of Portuguese currency. But it also involved the flexibilization of the wage relation that is, the repeal of the labor laws and social policies promulgated a few years earlier. This proved politically very dangerous since democracy was not then consolidated. Moreover, these laws and policies were comparable to those in force in other European countries which were now the political model to be emulated. Confronted with the incoherence between the institutions and regulations in force and the needs of structural adjustment, the state adopted the strategy of distancing itself from its own legislation and institutions, by failing to implement the laws, or implementing them in highly selective ways, by not persecuting the violations of the laws if not even promoting such violations, by postponing the setting up of the institutions created by law, by cutting the budget of the institutions already in operation, etc., etc.

A certain measure of discrepancy between law in books and law in action is arguably an intrinsic characteristic of the modern state, as the sociology of law has shown. What is striking in the Portuguese case is the degree and the quality of that discrepancy and the way it was disseminated in the different state agencies, each one acting as a king of microstate with its own conception of the measure of law to be applied. This is the phenomenon which I call the parallel state: the formal state running parallel to an informal state; a centralized state covering the self-contradictory actions of diffuse microstates; the maximalist official state coexisting side by side with the minimalist, unofficial state.

As a consequence of the parallel state, private capital felt relatively relieved from strict institutional regulations of the wage relation and was able to gradually restore the conditions of accumulation. If in 1976 the wage income represented 56,5% of the national income, in 1983 it represented 42,3%. The parallel state allowed for grotesque forms of exploitation, typical of the periods of primitive accumulation, to occur in a country with fordist laws and institutions. In January 1986 around 120,000 workers of 874 factories and firms were working without being paid, sometimes for several months in a row, keeping on the job for fear of unemployment. According to the trade unions, the employers owed the workers then 15 million dollars. Particularly in the north, where the export sector was and still is concentrated, the illegal use of child labor remained frequent until now, as did the practice of hiring workers (mainly women) for wages below the minimum wages. In mid eighties it became common for the employers to withhold social security payments, not only the employers' contributions, but also the employees contributions deduced from their wages. For instance, the debts of private employers

to social security rose 72% between 1980 and 1985, 43% between 1985 and 1990, and 41% between 1990 and 1995¹.

1986, the year of the entry in the EU, marks the beginning of the decline of the parallel state. A slow decline which in the last decade has been sped up by government stability, by the impact of the inflow of the structural and cohesion funds made possible by the integration in the EU and also by some apparently minor changes in the labor legislation which, however, produced major changes in the employment structure. I am referring for instance to the law that allowed for fixed term contracts promulgated in 1989. This law, which was apparently promulgated to cover some exceptional situations, ended up being applied to a large proportion of the labor force. Thus the parallel state, however reduced in its scope, has survived until this day. Portugal, which has still one of the most rigid labor legislation in Europe, is today considered the European country with the most flexible employment and wage relations.

If between 1974 and 1978 the tasks of legitimation took precedence over those of accumulation, between 1980 and 1985 the inverse occurred. From 1986 onwards a certain balance between legitimation and accumulation was obtained for which the inflows of European structural and cohesion funds contributed heavily. Such balance created one of the conditions for the sustained development of welfare policies. We will see below how far such development took place.

The third condition of the welfare state is a high level of expenses in welfare policies. In 1974 Portugal was the European country with by far the lowest expenses in social protection. After the revolution, social expenses increased dramatically. For instance, in the field of health, they

¹ In 1980 the debts amounted to 185 082 USD, in 1985 to 659 116 USD, in 1990 to 1 156 906 USD, and in 1995 to 1 974 586 USD.

grew from 1,9% of the GDP in the period of 1971-73 to 2,9% in the period 1974-76. However, the gap in social protection between Portugal and the European average was so wide that it has been impossible up until now to close it. In 1994, in Europe, welfare expenses in Portugal were the second lowest, only above Greece. In the period 1983-1990 they were the very lowest. In 1994 welfare expenses in Portugal were 19,5% of the GDP while the European average (twelve countries) was 28,6%, Denmark having by far the highest level of the GDP, 33,7%.

Finally, the fourth condition of the welfare state is the internalization by the state bureaucracy of social expenses and services as a right-based claim rather than state benevolence. In this regard, Portugal falls still very short of the European model of social bureaucracy. Up to this day, the relations of the bureaucracy with citizens are modelled on an authoritarian, assistance-based style rather than on a democratic, citizenship-based one. The reasons for this are complex. The April 25 Revolution left the state administration relatively untouched, and even if there were changes, they took place at the level of the personnel, not at the level of structures. Under these conditions, the authoritarian ideology of the Estado Novo infiltrated the administration of the new, democratic state. In the field of social services such authoritarianism manifests itself as discretionary, privatistic behavior. People are serviced differently according to the informal connections they manage to mobilize in their favor. In a way, they are clients of the state in a double sense of the state that provides and the services of the state bureaucrats that deliver them.

In view of the preceding discussion we may conclude that the attributes of the Portuguese state fall short of the welfare state. I argue

that the Portuguese state is still a quasi-welfare state. To its analysis I turn now.

The quasi-welfare state

I mentioned above that the level of welfare expenses in Portugal is much lower than the European average. If we breakdown these expenses by the different areas they cover, some interesting variations are detectable. In percentage of the GDP, health expenses and expenses with vocational training are close to the European average, while maternity and housing expenses are a third of the European average. Family protection expenses are below half the European average, while old-age and invalidity pensions are about half of the European average. The latter constitute the core of the welfare state and deserved to be analysed in greater detail since it means 2/3 of all expenses on social security and covers about 24% of the population. The most distinctive feature of the pensions in Portugal is their low level. In 1996, in the general scheme, the one that covers the core sectors of the labor force, 54% of old-age pensions and 55% of invalidity pensions were minimum pensions. If we take all the schemes, that is the universe of pensioners, excluding the public employees, 67% of the invalidity pensions and 70% of the old-age pensions were minimum pensions. Moreover, 93% of the pensioners received a pension in an amount between the minimum pension and the minimum national salary. Bear in mind that we are talking about very small pensions. The minimum pension amount to 180 USD/month in the general scheme, 130 USD in the non-contributory scheme, and 134 in the rural sub-scheme, and the minimum national salary to 313 USD/month. More troubling is the fact that the situation is not likely to improve significantly in the next few

years. If we take the case of the new pensioners, those that retired in 1996, 65% of the invalidity pensions and 52% of the old-age pensions are minimum pensions. This universal but, in general, very low coverage accounts for the fact that Portugal is the European country with the highest percentage of elderly poor. In 1990, 45,6% of the poor in Portugal were the elderly (the general poverty rate in Portugal is 27%, the highest of the EU, in 1993). This percentage of elderly poor was 33,8% in 1980 which means that the social well being of the elderly deteriorated significantly in the eighties.

The low level of social benefits does not suffice to characterize the Portuguese welfare system. To do that two other kinds of analysis are needed: the global welfare produced in the society and the institutional framework of the official welfare system.

Concerning the overall level of welfare, one of the most intriguing features of Portuguese society is that the economic crisis — such as those of the late seventies and early eighties — however severe, have never led to severe social crisis. In fact, the deficit of public welfare has not manifested itself in forms as socially and politically disruptive as we might expect in light of its dimension. I have been arguing that, in the Portuguese society, some forms of sociability still prevail which were originally linked to the small-holding peasant agriculture and which function as social cushions that smoothen the impact of the economic crisis. In the field of welfare it is my contention that part of the deficit of state welfare is covered by socially produced welfare. In other words, in Portugal a weak welfare state coexists with a strong welfare society.

By welfare society I mean the networks of relationships of inter-knowledge, mutual recognition, and mutual help based on kinship and community ties, through which small social groups exchange goods and

services on a nonmarket basis and with a logic of reciprocity that approximates that of the gift relationship as analyzed by Marcel Mauss (1950). Such networks vary widely in terms of formalization, range and scope, duration, and stability. In Portugal, due to a long lasting tradition of the small holding agriculture and the prevalence of rural or small-town working families residence, the forms of the welfare society are dominated by patterns of sociability, class habituses, cognitive map and symbolic universes that are usually attributes of rural life. However, contrary to what is often believed, such networks are not exclusive of the rural areas; they exist also in urban areas. Moreover, they often comprise complex linkages between rural families and communities, on one side, and urban families and communities, on the other.

The welfare society is a form of social capital in Bourdieu's terms. Its social valorization and realization is of more strategic importance in those social groups and families whose life trajectories are most affected by the deficit of public welfare. In 1981, 71% of the unemployed declared that their main source of income and life support was the family. The deficit of unemployment benefits is thereby made evident.

The welfare society covers a wide range of activities, not always easy to identify. Drawing on my research on the Portuguese health services I will give you two elucidating examples.

Every weekend more than 10,000 people visit their friends and relatives hospitalized in the two central hospitals of Lisbon, and the figures are not much lower in the central hospitals of other big cities. During the week the figures, though lower, are still significant and unheard of elsewhere in Europe. The social isolation of hospital patients is a major problem in welfare states and, in Europe, the role of professional social work in the hospitals is today a controversial issue. In

Portugal, the welfare society provides hospitals with free, informal social work and, I dare say, of a much better quality.

Another example is provided by folk medicine. It includes a wide range of goods and services: traditional self-therapy; nonmonetary exchanges of both natural and supra-natural goods and services, such as visiting the sick; providing medicinal herbs and preparing tisanes; lending pharmaceutical products; pledging pilgrimages to Fátima and other sanctuaries in return for cures believed to be miraculous; monetary exchanges outside the market, like alms and votive offerings; small mercantile production of goods and services like herbs and ointments; services rendered at a fee by a midwife, a folk medicine person, a medium, a witch. Some of the goods and services are provided by specialists, be they saints or midwives, while others are provided by neighbors and kin.

Folk medicine holds a conception of bodily and mental health that is quite different from that of allopathic medicine (Hespanha, 1987). It therefore provides different products and services through different social relations. As a matter of fact, folk medicine involves a specific mode of production of health. I argue that, in Portugal, health care is the result of an articulation of three different modes of production of medical services and health care: public medicine, private capitalist medicine, and folk medicine. The relations between the welfare state and the welfare society are interwoven in the dynamics of this articulation. The heterogeneity that derives from the joint operation of different and sometimes contradictory welfare logics is regulated by the state.

Curiously enough, some social scientists in central countries of Western Europe have also recently proposed the concept of welfare society to discuss the crisis of the welfare state and its possible

solutions. Thus Rosanvallon speaks of the need for a "more decentralized and more diversified form of welfare provision in many respects akin to the flexibility that the family used to provide" and calls for a re-expansion of social policy based on "publicly motivated but privately organized groups (such as charitable institutions) and the traditional family itself"(1988: 539). In the same vein, Lipietz develops the idea of the third sector, a social utility sector, beyond the state and the capitalist private sector (1989:108).

This discussion has brought a new light and a new interest to the research on the Portuguese welfare society. The research so far has tended to conceive of the welfare society as a pre-modern survival or residue. However, in the light of the discussion on new mixes between welfare state and welfare society, what was previously conceived of as a pre-modern residue is gradually re-coded as a postmodern feature. There are, of course, differences between the Portuguese welfare society and the welfare society that is now being proposed in central countries, but there are also some striking similarities. Above all, the Portuguese case illustrates and, in a sense, anticipates as in a social laboratory some of the potentialities but also some of the limitations and side-effects or perverse results that can develop out of the new trend toward a new combination of welfare society and welfare state. It has been argued that the welfare state put too much emphasis on equality in detriment of security; that, as it developed citizenship, it also bureaucratized it; that it turned citizens into clients thereby increasing dependency and social control; that it eliminated commodity fetishism in the field of social welfare but only to replace it by state fetishism.

The research on Portuguese welfare society yields a few comments on this. First, it should be borne in mind that the services

provided by the welfare society are never the same as those provided by the state. This is clearly illustrated by the social work involved in the visits to hospitals or by the conception of the body and of health in folk medicine. Second, the welfare society is hostile to equality or, at least, it does not distinguish as clearly as the welfare state does between legitimate and illegitimate inequalities. Third, welfare society is hostile to citizenship and to legal entitlements, since welfare relations are concrete, multiplex, and based on the concrete, long-term reciprocity of sequences of unilateral benevolent actions. Fourth, welfare society also creates dependency and forms of social control, which may be more flexible and more negotiable but also more visible. Fifth, welfare society tends to create spatial rigidity. Last but not least, most of the burden of the welfare provided by the welfare society will inevitably fall on women if dominant family practices are not changed. These comments are intended to expand the scope of the discussion on the welfare state/welfare society mix. In analytical and political terms it is crucial to distinguish between progressive mixes and regressive mixes. In my view, the discussion so far, though well intended, has fallen short of a clear distinction.

The analysis of the Portuguese welfare society as a strong welfare society coexisting with and complementing a weak welfare state and the expansion of the analysis in light of the new alternatives that have been proposed for the crisis of the welfare state illustrates the dialectic of territorialization and deterritorialization in the world system. In concrete terms what is at stake is the challenges confronting national experiences increasingly interpenetrated by transnational experiences.

The second factor in the analysis of the welfare system in Portugal is the institutional framework of the welfare state. According to the well-

known classification of the welfare state regimes by Esping-Andersen (1990: 26), there are three basic regime-types. The first one is the liberal welfare state in which means-tested assistance, modest universal transfers or modest social insurance plans predominate. Benefits are targeted to a clientele of low income, usually working class, state dependents. The realm of social rights is limited, entitlement rules are therefore strict and often associated with stigma. This model prevails in countries like the United States, Canada, and Australia. The second regime-type is the corporatist welfare state, a public insurance system in which rights are attached to class and preserve status differentials. The social security system is mostly financed by contributions of employees and employers. There is also generous social assistance for those not included in the contributory system. This regime predominates in Continental Europe, Germany, France, Holland, Belgium, Austria, and Switzerland. The third regime-type is the social-democratic welfare state predominant in the Scandinavian countries. The access to benefits is almost universal and upgraded in order to include the needs and tastes of the middle classes. The benefits are of a fixed amount and rather generous. The welfare system is financed by taxes. Contrary to the liberal welfare state, it cancels out the market and thus private welfare systems and is based on the idea of universal solidarity. Contrary to the corporatist model it maximizes individual independence rather than dependence on the family (that is, on the bread winner). It is most inclusive as it takes direct responsibility for the children, the elderly, and the helpless or handicapped.

A close analysis of the evolution of the Portuguese quasi-welfare state in the last twenty five years shows that though the regime-type does not coincide with any of above-mentioned three, the reforms have oscillated between the social-democratic and the corporatist

regime-type. Going further back, in 1935, Salazar set the foundations of a rather limited and exclusionary corporatist regime-type which lasted in the late sixties. It was based on a mandatory social insurance highly categorial fragmented for workers employed in the formal economy and state employees. Social assistance was basically provided by charitable institutions linked to the Church. When Marcelo Caetano took office in the final period of the dictatorship, in 1969, the welfare system was significantly expanded, and the state took a much more central role in the provision of social protection. Rural workers, peasants and farmers were included in the system, as well as merchants and domestic. From 1969 to 1970, the active population covered by the welfare system grew from 35,6% to 78,3%.

However, the level of benefits was rather low in part due to the low salaries, in part due to budgetary constraints caused mainly by the military expenses of the colonial war. Between 1960 and 1971 the expenses with education grew from 1,5% of the GDP to 1,8%, while in the European countries they grew from 5% to 7% of the GDP. In the same period health expenses grew from 0,5% to 2,1% of the GDP, while in Europe they grew from 4% to 5% of the GDP. And finally the social security expenses grew in that period from 4% to 5,6% of the GDP, while in Europe the growth was from 10% to 15% of the GDP.

From 1974 to 1980, the precedence of legitimation tasks over accumulation tasks I mentioned earlier translated itself into a dramatic expansion of the welfare state and thus of the social expenses: the amount of minimum pension was doubled, the national minimum salary was established, the social protection eligibility rules were eased, the social pension, covering those that had never contributed to the social security scheme, was created as a kind of a non-contributory benefit,

family allowances were expanded, a first scheme of unemployment protection was developed. The regime-type behind these reforms was the universalistic, social-democratic model. A social insurance based on mandatory contributions was kept alongside with a redistributive system that would grant rights to all the needy population. The new laws mandated transfers from the state budget to the social security budget to cover for the non-contributory benefits. The new system of social security then created integrated all the different schemes aimed to cover the needs of the whole population: the general contributory, the non-contributory schemes, and the social aid all integrated in the same system managed by the same institutions. Granting rights replaced the discretionary concession of personalized benefits in the area of the social assistance. The same universalistic idea presided over the creation of the National Health System and the creation of schemes of a minimum social protection covering all the citizens.

From 1980 to 1995 Portugal was ruled by different center or center-right governments. Right after the December 1979 elections the new government suspended the legislations that regulated the National Health System and suspended the minimum social protection scheme replacing it by a less universalistic one that demanded more strict eligibility rules (specially in the area of family benefits) and excluded the people covered by the general contributory scheme. It also started the preparation of a new framework law of the social security. This law was passed in 1984 and is still in force. Still inspired by the constitutional principles of universality, equality, solidarity, and citizens' participation, the new system sought to integrate the contributory scheme as well as the non-contributory schemes and social assistance. In fact, many aspects of this law were never regulated and implemented. For instance, the mandatory transfers from the State budget to the social

security budget were not complied with. As a result, the State accumulated an enormous debt to the social security system, while the general contributory scheme ended up financing the non-contributory scheme as well as the social assistance. The amount of this debt was 7.9 billion dollars (1 446 579 milhões de contos), that was almost the same as the total expenses of the entire system in the year of 1998. The universalistic social-democratic impulse was blocked and the reforms took a corporatistic, social insurance, family-based orientation in harmony with its legacy from the pre-revolutionary period.

From 1986-1995, the same party, the PSD, ruled the government with absolute majority in the Parliament. The stability of this government together with the integration of Portugal in the EU, and the economic restructuring it prompted, were the two major political factors conditioning the social policies in this decade. In the field of social security the reforms followed two general orientations: the protection and promotion of employment and the support of economic sectors or firms undergoing restructuring. The scheme of unemployment benefits was integrated in the social security schemes. Between 1986 and 1991, several measures were adopted which transformed social security into a key element of employment policy and economic restructuring: waiver of employers' contributions whenever the firms employ young people searching for first employment; pre-retirement and early retirement schemes; special unemployment benefits and reduction of employers' contributions in the case of economic sectors being restructured. On the other hand, more restricted conditions for access to benefits were adopted for which a double justification was given: the fight against fraud, and the then emerging idea of the financial crisis of the social security system.

At the end of this period, the idea of the financial crisis of the social security became a major topic in political discourse. In the Fall of 1995, the Socialist Party won the elections and a new phase in the Portuguese welfare state was started. Since 1995 two major developments have taken place. On the one hand, several important measures have been adopted that introduced significant changes in the regime-type of the Portuguese welfare state. On the other, the process of a global reform of the social security was launched. This latter development deserves separate analysis in the next section. As to the individual measures already adopted, the regime-type they point to is complex. Three major orientations can be identified. The first one is the return of the universalistic, solidaristic, social-democratic model which was present in the legislation in the years immediately after the April Revolution. To begin with, the state recognized the principle that many social security benefits extrapolate from the logic of social insurance (contributory scheme and the pay-as-you-go system) and should therefore be financed by general taxes. With the same logic, the state started to transfer to the social security the resources which, by the law of 1984, will cover the expenses with non-contributory benefits. Second, a guaranteed minimum income program was launched, financed by general taxes and accessible to all citizens and residents (immigrants) as a matter of right. As a curiosity, the guaranteed minimum income, which had been already adopted in thirteen European countries, was launched in Portugal on an experimental basis in 1996 covering only a few hundred families. One year later, however, in July 31, 1997, was formally established as a new social right of people and families socially excluded and living in situations of extreme poverty. Third, the scheme for family allowances were reformed allowing the benefits to vary according to the family income. The second orientation was the

promotion of employment, a social-democratic version of the move from-welfare-to-workfare programs in the US. That is to say, the guaranteed minimum income, even though guaranteed as a matter of right, includes as a conditionality the search for a job or the participation in community work or vocational training or still other programs of social reinsertion (against alcoholism or drug dependency, etc.). The third orientation is the idea of a new welfare mix involving the non-profit private sector in the provision of welfare, as illustrated in the case of care for the elderly and for children and in the case of the social programs included in the guaranteed minimum income.

The preceding analysis of the evolution of the Portuguese quasi-welfare state shows that the latter does not fit entirely any of the regime-types identified by Esping-Anderson. In recent years, Maurizio Ferrera has been proposing a fourth model, the Southern European model, comprising the welfare states of Italy, Spain, Portugal, and Greece (1996). According to Ferrera, the main traits of this model are the following: (1) a highly fragmented "corporatist" income maintenance system, displaying a marked internal polarization: peaks of generosity (e.g. as regards pensions) accompanied by macroscopic gaps of protection; (2) the departure from corporatist traditions in the field of health care and the establishment (at least partially) of National Health Services based on universalistic principles; (3) a low degree of state penetration of the welfare sphere and a highly collusive mix between public and non-public actors and institutions; (4) the persistence of clientelism and the formation — in some cases — of fairly elaborated "patronage machines" for the selective distribution of cash subsidies.

This characterization fits the Portuguese case with some qualifications. It is true that the Portuguese welfare system is based on the contributory social insurance model and the pensions are the core of the system. But the generosity of pensions is highly selective and in this regard the basic division is between public employees and private employees. This division was established in the Estado Novo and has survived to this day. As to the private employees, the generosity of the pensions exists only for the core sectors of the labor force in the formal economy and even there the generosity is often more theoretical than real, since many workers do not fulfil the requirements for full pension. For instance, most workers are not entitled to the rather generous replacement rate (80%). As Ferrera recognizes, the Portuguese regime-type is the least fragmented in this group of countries. Moreover, as I said earlier, the guaranteed minimum income and other recent measures point in a more universalistic direction and then to fill the gaps of protection associated with this kind of welfare system. Concerning the second trait, the universalistic health care system — a citizen's right rather than a worker's right — was established after the revolution. But this universalism is rather mitigated not only because employees in the public sectors enjoy better conditions, but also because, given the low quality of the services, only the lowest social state rely exclusively on the system. Concerning the third trait, the low state penetration in the welfare sphere, I think that the state has been penetrating more and more in the last twenty five years. However, as I said earlier, the deficits in state welfare have been partially compensated for by the strength of what I called the welfare society. Finally, as regards clientelism, it lies not so much on party patronage as in Italy, as it does on personal networks which allow for privileged access to a state bureaucracy which has not internalized the idea of general access as a matter of right.

The Welfare Reform (1996-)

The political discourse on the crisis of the welfare state in Portugal started in the early nineties. In 1995, the idea that the social security was not sustainable and would collapse in one decade or two was widespread. Right after it took office, the Government, through the Minister for Social Security, set up a Commission — The White Book Commission of the Social Security — composed of seventeen personalities choosed by the Minister himself. The Chairperson, a socialist party member, had been Secretary of State in the late seventies. A specialist in health systems who had been in recent times affiliated with the World Bank. The Commission's was charged with studying the different possible alternatives and propose to the Government such measures as would guarantee the sustainability of social security in an economically efficient way and respecting the principles of equity and solidarity presiding over Government action (Santos, 1998: 87). Soon after the Commission started its work a major cleavage among its members became apparent. On one side, there were those, the majority, that predicted the imminent bankruptcy of the social security system and proposed a major reform along the lines of the "Chilean model" proposed by the World Bank since the early nineties, specially in its 1994 book *Adverting the old age crisis: Policies to protect the old and promote the growth*. On the other side, there were those, a minority, that questioned the bankruptcy scenarios based on the same database and proposed a reform to improve the efficiency of the system and to bring it closer to the European social model.

Thus, the cleavage was both about the analysis of the current state of affairs and about the proposals to overcome perceived problems. As

regards the proposals, two alternative supranational models were in conflict: the World Bank model, more or less modified, and the European social model. Both models concentrated almost exclusively on pensions, leaving untouched other important dimensions of the social security system.

The followers of the neo-liberal World Bank model identified the current situation of the social security as one of imminent collapse. According to them, both demographic and financial projections complied with the natural maturation of the system (that is, an increased number of contributors with a full contributory career), and the probable evolution of the employment structures, and still the changing ratio active contributing worker/retired worker, all of this would undermine the sustainability of the social security system and bring about its collapse between 2005 and 2020. To counter act this catastrophic scenario they proposed a model which according to its proponents would bring about a new balance between the state and the market, between public and private provision of welfare, thus allowing for those public savings which would guarantee the sustainability of the system and, last but not least, to promote economic growth through the development of the financial market. Basically the new system consisted of three pillars: the public pillar, based on the current pay-as-you-go system which would apply up to a certain ceiling of income (calculated as X times the minimum national salary), above such ceiling, the pension would be generated in the private sector, a mandatory fully-funded system set up by pension funds managements firms, and, in the third pillar, private and voluntary pensions such as those already existing in the private market.

On the other hand, the followers of the European social model argued that the system was far from collapsing. In their view, the idea of

the imminent collapse was based on unwarranted indicators and on the extrapolation of conditions prevailing in other countries but not applicable in Portugal. It was also based on the failure to distinguish among the different components of the system (the general contributory scheme, the non-contributory scheme, etc.). Moreover, in light of the extremely deficient database — several non compatible informatic systems coexisting in the system — it was argued that no serious projections could be made. They recognized that the system was inefficiently managed and often unjust: occupational privileges, distorted criteria of eligibility for cash benefits, manipulation of the system by better off contributors, a disproportionate burden imposed on labor-intensive industries, etc. They thought, however, that the system should remain public and the reforms should be targeted to increase its efficiency, solidarity, and sustainability. Moreover, they argued that the three-tier pension system, rather than relieving the financial burden of the state, would increase it in the long transitional period, the period in which the younger contributors ceased to participate in the pay-as-you-go system, while the retired people, with a retired life expectancy of twenty or more years, would receive their pensions according to the system. They also argued that by selecting out of the system the higher incomes, the solidarity embedded in the social security would be eliminated and the public system, having lost its universality, would be soon a poor program for poor people, chronically underfunded and politically vulnerable. Instead they argued that, given the general low level of pensions, the reforms, particularly those to be adopted by a socialist government, should deepen solidarity, both occupational and national, and improve the general level of social protection.

They therefore proposed that the reforms should have as model the European social model. What is the European social model? After all,

we identified above several regime-types in Europe, including the neo-liberal one prevalent in the United Kingdom. The European social model is a kind of common denominator of the welfare systems of Continental Europe, and has been formulated in the European treaties and in documents of the European Commission. Its basic traits are the following: a strong commitment by the state to guarantee high levels of social security to all citizens; an encompassing social protection provided as a matter of right; social solidarity as a precondition of a generalized social citizenship; marginal participation of the market in the provision of welfare.

Its proponents were aware that this model was to undergo some transformations in order to become more efficient and participatory, and to be able to engage the civil society, particularly the non-profit private sector, to a greater extent. They also thought that the adoption of this model should be gradual, depending on the productivity growth of the Portuguese economy and, in the short run, on the political will of the state to comply with its mandatory financial obligations vis-à-vis the social security system, and to provide incentive for the growth of the non-profit sector.

In March 1997, one year after the beginning of the Commission's activity, the cleavage inside the Commission was made public. The leader of the minority group — who happened to be myself — announced that the group did not accept either the analysis of the current situation and probable future scenarios provided by the majority, or the reforms proposed. The group would accordingly prepare a minority report. After some tense meetings and several attempts to prevent the split or to refuse the idea of a minority report, the latter was integrated in an imposed shortened version in the White Book which was

presented to the Minister of Social Security in early 1998 and was published separately in a full version around the same time.

One year later, the government and the three major oppositional parties have all presented framework law projects which are now to be debated and voted on in the Parliament, probably still in this legislative session. A comparative analysis of the four projects shows two interesting features common to all of them: the discourse of the imminent collapse and bankruptcy has vanished; none of them advocates a pure neo-liberal model. Aside from that, there are crucial philosophical differences among the projects. On the one side, the Government project and the project presented by the PCP: both defend the public system of social security, and a strong commitment of the state to finance the more solidaristic dimensions of the system through general taxation. The Government project, however, opens the possibility for the future introduction of a ceiling to contributions, although conditioned by the respect for the principle of solidarity. Since this ceiling necessarily diminishes the amount of solidarity in the system, this aspect of the Government project is most enigmatic. On the other side, stand the projects presented by the PSD and PP, which openly advocate the three-tier pension system and a new welfare mix, in which the state operates in conjunction with the private sector, both profit and non-profit in a social security system which is a mix between public and private financing and provision.

Conclusion

The future of the quasi-welfare state in Portugal is an open question. The cleavages in the White Book Commission reflect broader cleavages in society. Indeed, the minority group in the Commission represents a larger in Portuguese society at large. Such cleavages are multiple: between financial capital interested in the captive market of the mandatory fully funded system, and the working classes fearing for the security of their entitlements and contributions; between the working classes and the younger sectors of the middles classes willing to opt out of the public system; between the core sectors of the labor force and the marginal, vulnerable social groups aspiring to a more generous solidarity; between financial capital and industrial capital whose interests were rarely represented in the Commission; between the state bureaucracy and the reformers, particularly the most radical ones, who, in this case, belong to the more conservative, rightist political parties; finally, between the political interests of the state in balancing legitimation and accumulation tasks and the different social groups mostly interested in the pursuance of one of them.

While European social model reformers intend to eliminate gradually the "quasi" nature of the Portuguese welfare state by gradually approximating the performance of the latter to the one of the core European welfare states, the neo-liberal reformers intend to eliminate the "quasi" nature by questioning in general the sustainability of the welfare state, thus proposing more modest or "quasi"-forms as the new general profile of the welfare state.

These two conflicting global models dispute the hegemony of welfare reforms in Europe and elsewhere. The neo-liberal model is definitely a high intensity globalization model, while the European social model is less aggressive, is itself under attack in Europe and is thus a low-intense globalization model. As a semiperipheral country, Portugal is more vulnerable to the globalization pressure of the neo-liberal model. But as a full member of the European Union it can legitimately aspire to the European social model. Which pressure will prevail, is an open question. The prevalence of the European Social Model is premised upon many and demanding conditions: the political organization and mobilization of broad coalitions of working classes, middle classes and state bureaucracy; the economic restructuring and the use of the structural funds to obtain gains in productivity; a major reform of fiscal policy aimed at improving the state resources destined to inject more general solidarity in the social security system; major reforms in the social security system to improve its efficiency, therentability of its funds, the democratic participation in its institutions. They are severe conditions. On them depends the quality of social life in Portuguese society in the decades to come.

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