

# FROM BEVERIDGE TO BEDLAM

## A Contextual Analysis of the Neoliberal Agenda, Irish Style

By Patrick Fitzgerald

If one is permitted to reminisce momentarily and look back to the wider substance and meaningful intent of the *Beveridge Report* (1942) albeit now considered somewhat simplistic in its outlook, or indeed as some scholars have argued, its missed opportunity in terms of achieving greater gender parity, it yet remains rather topical. <sup>(see [online bibliographical ref below](#))</sup> Whether we choose to confine its enlightening content merely to the historical archives, or alternatively accept that for its time, this document was a farsighted conceptualisation of what the modern welfare state should actually represent, and yet despite its faults surely its expressed vision is worthy of some re-consideration given Ireland's present financial position. Indeed, with the 1916 centenary now approaching, the revolutionary and egalitarian intent, indeed the farsighted vision of a just society as laid down in their Proclamation by our patriots, just as equally set forth these venerable ideals 26 years earlier. In addressing the suppositions posed, one must be cognisant that William Beveridge Social Scientist, Economist and Liberal, within a virtually bankrupt and war recovering Britain, simply but methodically set out to capture the possibilities and benefits of what the 'welfare state' could hold not only for the individual, but for society as a whole.

Indeed its efficacy as a seminal and redefining document, in reality rests entirely on one's political viewpoint. Whatever position one chooses, what cannot be so easily discounted is that *Beveridge* (1942: 154-155) codified in plain text a 'social contract' between the individual and the nation state, which formally conferred rights by guaranteeing a minimum level of income for its people. <sup>(see also *Considine & Dukelow* 2009: 98; *O'Donnell* 1986: 105-108)</sup> In real terms, these state or social security entitlements could be freely accessed on foot of a weekly contribution paid by all workers and covered periods of unemployment, sickness or accident and upon retirement a sufficient pension. It also entitled dependants to access payments such as widowed spouses along with covering medical expenditures with regard to birth, death and chronic illness. *Kahn* (2002: 190-191) commenting on the *Beveridge Report* underpins the straightforward thinking, non-bureaucratic and the simplistic basis behind this social contract, noting that what subsequently followed in many western democracies including Ireland was an

asymmetrical, if not a somewhat subdued developmental process of state welfare provision, but more importantly this state-societal process did essentially begin, which fundamentally contrasted from what existed before. Kahn (2002) argues many industrialised nations from the late 1940s and early 1950s onwards developed social protection mechanisms, in effect, distinct minimum standards of income, housing, family allowances, health and education benefits, essentially entitlements as a venerable right for its citizens. They were designed in the main as a broader safety net against prevailing / systematic poverty, social inequality and to mitigate the effects of what is now more commonly termed social exclusion (*ibid*).

In more adeptly assessing the issues concerning this critique, one cannot help but be drawn to the pejorative comment made by Margaret Thatcher in the very early-1980s, who quipped; that the problem with the modern welfare state “*is that it always runs out of other people’s money*” (Thatcher cited in Tanner 2013: 187). I argue, that to correctly grasp not only the conviction behind this terse statement, but also to equally assess the impact of her now dominant political neoliberal mindset which Thatcherism unswervingly defended and later personified, it is necessary to comprehend the close relationship between capitalism, neoliberalism and the ever-growing subservience of the nation-state to the ever-increasingly dominant capitalist driven globalised market. Both Harvey (2006: 146) and Held (2006: 176) aptly quantify this argument; they note that the neoliberal ideology has become a naturalised way of thinking for many, and I argue, that we in Ireland are no exception. In effect the neoliberal dogma has become a well embedded and pervasively dominant hegemonic, where its founding ideals and core values of freedom, individual liberty, property rights are held as sacrosanct, and set against not only the dangers posed by fascism or communism, but also cleverly pitched against any state intrusion or sense of social consciousness, in the main that of Keynesian fiscal market restraints (see *state interventionist economics* by Keynes JM (1936) Book III Chaps 8;9;10, refer also to Book V Chaps 19;20;21). This now naturalised and largely unquestioned dominant political hegemonic seeks as a priority and to the detriment of the welfare state, the diffusion of power through the rolling back and restricting of the state’s functionary capacity, the limiting of costs regarding state social provision to an absolute basic minimum, and the privatisation of all state provided goods and services as a deliberate means to constantly reduce state-imposed costs. Neoliberalism, as argued by Offe (1984) seamlessly joins individual freedom of agency to free and open market principles, proclaiming; that the self-seeking and sufficiently motivated, moneyed elite and the well educated are only truly liberated, when one is capable of pursuing their individual aspirations, unhindered by the concerning interests of social responsibility and the needs of the welfare state, through an open and fully deregulated competitive market. (Offe 1984, cited in Held 2006: 177; Fitzgerald 2014)

Whilst Myles and Quadagno (2002: 41-43) including Kirshner (2001: 212) acknowledge the maturing nature and positive social gains achieved by welfare states

between the late-1940s and up to the mid-1970s as significant. However, they also draw attention to a number of exogenous global economic shocks such as the oil crises of 1973 and 1979, in tandem with falling currency values, coupled with continually falling productivity, indigent growth rates, rising unemployment and rampant inflation, which during this period incurred high government debts across the industrialised western nations. This accrued debt blamed by many as an unnecessary cost imposed by welfare states on many over-burdened national economies in sustaining its venerable social commitments only served they claim, to compound and increase the severity of these various crises. Similarly, the failure and ultimate collapse of the Bretton Woods financial system in 1971, which had, in essence, provided a necessary interventionist mechanism for governments to control international capital markets from the mid-1940s, also fuelled the patent angst among many self-serving political and vested business and propertied elites for change.

*Centino & Cohen (2012: 318-320, 324)* crystallise this argument, noting that Margaret Thatcher's and Ronald Reagan election successes in 1979 and 1980 amply provided this politically desired change catalyst. In government, the British Conservatives and Republicans not only began to question the founding welfare state principles but also from a political perspective, the neoliberal agenda began cynically questioning the growing public expectations in relation to state service provision. Heavily influenced by the largely untested ideas emanating from the Chicago School of Economics namely Milton Friedman, their respective administrations unquestionably accepted the view that government interventionist and protectionist social policies from the 1950s onwards was the main protagonist behind these continuing financial and currency crises. Indeed one can now plainly see just how wrong they were in their ideological and political beliefs, and how this unswerving preponderance and total subjugation to the unfettered and increasingly unregulated financial markets has heavily impacted not only Ireland but the entire globe.

Since the very early 1980s, Rethel and Sinclair (2012: 46-47) argue the remedy sought by the increasingly powerful and the globally influential neoliberal political elite including their vested policy makers, was to reform the economy in ways that privileged the primacy of the burgeoning economic global markets and subsequently its overall influence of the democratic nation-state. What followed in policy terms they argue, culminated in the *Washington Consensus*, which prioritised fiscal austerity, extensive welfare reforms, market deregulation, free trade, privatisation, and market-determined interest and exchange rates. *Pierson (1994: 213-215)* and *Hay (2002: 149-150)* argue this period is marked on the one hand by sufficient economic successes which bolstered the belief among many other industrially developed welfare states that willing subservience to free market economics provided a tangible long-term solution to their own floundering economies (*see also Stiglitz 2010*). On the other hand, and in terms of state social provision, the neoliberal agenda in

Britain and the US not only led the way in diminishing the power and protection traditionally afforded to workers by the trade union movement but with equal vigour, the dogmatic neoliberals openly attacked the welfare state by cutting entitlements to the working class poor and the unemployed, in effect further marginalising the weakest in society.

In many industrialised western countries including Ireland, enthused by promises of the growing multi-national and foreign direct investment sectors unquestionably adopted this pro-business and pro-market stance, and most eagerly pushed welfare reform policies to their respective publics' as a fiscal and progressive necessity in ascertaining this newly lauded monetary panacea of market determinant economics. Subsequently the welfare states egalitarian oriented emphasis quickly switched from social protectionist policies to more restrictive forms of state social provision for its citizens. As a direct result *Danzinger (2010: 524-527)* notes, that the focus of welfare provision within the state now lies predominantly in helping those who are most employable and imbue the belief that adequately educating our children to avidly compete for a marginal foothold in the now unbridled global marketplace economy is somehow admirable and to be aspired to. Firmly instilled by the now mainstreamed neoliberal thinking of the 1980s, the ever-retrenching welfare state in many western democracies has largely focussed its gaze on reducing the costs and the necessity of actual entitlements to its citizens. Worst affected he argues by these actions are the socially disadvantaged such as lone parents, the unskilled and poorly educated, the old and infirm, the disabled, the mentally vulnerable, the homeless and the poverty exposed young, which actions in effect allowed the Beveridgian inspired social safety net of the past to be seriously undermined and gravely diminished.

*Deeg & O'Sullivan (2009)* in line with *Harvey (2006)* contend that free-market principles and neoliberalism *per se* has not spelled the actual end for the welfare state, but it has covertly redefined, permanently altered, and rebounded its duty of care to the citizen. In effect, it has not only altered the meaning or value of citizenship in the state, but it's now prevailing hegemonic has also singularly re-written the hard-earned social contract by placing the wealth generating capability of the state in the hands of a small privileged cabal, most notably; wealthy insiders, large land and property holders, including banks and vested business interests, whilst also placing international investor confidence, and pro-market sentiment which in reality is purely speculative in nature ahead of its own people. (*Deeg & O'Sullivan 2009, cited in Centino & Cohen 2012: 325; Harvey 2006: 152*)

I, again make the argument, that since the early to mid-1990s and up to 2007, Ireland's political and vested elite with their own unique take on Irish styled-market liberalism, including our ever-growing devotion and dependence on market sentiments, amply availed of cheap European money with the willing help of a largely unregulated

financial sector, which ultimately led to a property bubble, where put simply, we purchased over-priced land, built and sold over-priced housing stock, multiples in many cases basically to each other. (refer also to the [Michael Lewis online interview with Professor Morgan Kelly 'When Irish Eyes are Crying'](#) see bibliography)

In carrying these arguments forward; the growing effects of globalisation and post-egalitarian industrialism as argued by both *Peter Taylor-Gooby (2007: 3-4 and Bovenberg et al, 2007: 2)* continue to play a significant role in altering the equilibrium between the effective capacity of the ever-diminishing welfare state, including its role in trying to now mediate the worst excesses of the now liberalised and increasingly unregulated market. They argue that given the willingness of neo-liberal oriented national government(s) to cede control over key elements of their respective country's financial economy to faceless others, has in essence made the financing of adequate welfare provision purposely difficult. The new fiscal and market-driven imperatives are with relative ease singularly prioritised above all else by the now capitalist styled and fiscally orientated welfare state. Collectively *Taylor-Gooby (2007)* and *Bovenberg et al, (2007)* contend that in attempting to re-assert its democratic authority to essentially govern and to restore some semblance of social balance, many states have now embarked in a new duplicitous policy direction, which promotes the competitive nature and investment potential which their respective national economies and peoples' hold in-store for international conglomerate companies, global financiers and the avariciousness of the neoliberal created venture capitalists. Professor Peadar Kirby (2006: 86-87) among others argue that what has now emerged across Europe resembles more of a competition-styled welfare state, where promoting enterprise, innovation and profitability over those of social equality and adequate health and welfare provision is singularly preferred ahead of the basic needs of ordinary citizens.

Like Kirby (2002), both *Taylor-Gooby (2007)* and *Bovenberg et al, (2007)* argue that social policy within the state has witnessed a paradigm shift away from social provision as traditionally provided by the welfare state, to a more social investment type state. I argue that Ireland from the late 1980s has not exempted itself from this questionable shift, in fact, one can with confidence state that Ireland in many respects now leads the way. Increasingly, centre-right governments' within Ireland prioritise high levels of education and social capital across its workforce, low production costs, low corporate taxes on international company profits, including a willing flexibility in employment terms among its citizens in attracting continuous inward foreign investment as a fiscal imperative for underpinning the inviolability of Ireland's now fully matured capitalist and competition styled welfare state (see also *Kuhling & Keohane 2007: 15-17; Kirby 2010: 140-141 and Kirby & Murphy 2011: 157-158*). Adding to this debate *Kirby (2010: 176-177)* also argues that many European states have now simply but effectively obfuscated their entire social responsibility using

corporatist styled mechanisms in the form of 'social compacts' or 'social partnerships'. On the surface, *Kirby* notes that these inclusive style round-table arrangements purported to promote social equality, economic fairness in terms of wealth redistribution and equality of opportunity. However in reality *Kirby* contends that in many cases the state merely uses these mechanisms to cynically co-opt and moderate against the effects of any forms of societal dissent. In supporting this argument, he refers to Ireland's six partnership arrangements negotiated from 1987 onwards, where he contends; the concerns and needs of Irish society have since this period been continually subjugated to the prevailing dominance of the neoliberal state-capitalist market relationship (see also *Adshead* 2006: 320-322 and *Adshead & Tonge* 2009: 185-189).

As the prime mover in endorsing these new policy strategies, *Hufbauer & Schott* (2005: 472-473) place powerful geopolitical institutions such as the EU, NAFTA, the OECD, the IMF and The World Bank centre stage. *Taylor-Gooby* (2007: 6-9) notes that EU social policy from the early 1990s has been patently subservient to the markets desire for continued de-regulation and privatisation of publically owned assets. He argues that despite some forward-looking and progressive social developments within the EU, or the claimed ability by many commentators of certain Nordic member-states to resist the worst excesses of the markets or state systems to be aspired to, that in the main EU policies are now predominately centred on employment activation programmes and expensive training/research and development initiatives, which are centrally driven by the ever-increasing demands of the now unbounded free-market. In short these chosen policies across the EU are inherently designed to prepare people for the reality of having to constantly meet new employment challenges, where individuals must be conditioned to become less reliant on his/her member-state as a provider or safety net in times of crises. These re-conditioning and re-orienting policies he argues, also sets in train the belief that permanent job security and the benefits it traditionally afforded to people and society are no longer a reasonable expectation within the fluid dynamics of an unpredictable and speculatively driven capitalist market. It is within this macro or global context that one possibly gets a glimpse of what the future of the modern welfare state now holds for both society and the ordinary individual. *Considine & Dukelow* (2009: 114) citing *Taylor-Gooby* (1994) argue his view on the negative effects of the postmodern developed world is particularly fitting, *Taylor-Gooby* asserts that postmodernist liberal ideas are merely a smokescreen to hide the worst excesses of class inequality and the neoliberal market-driven privatisation agenda, where the continuing retrenchment of the welfare state is blatantly obvious to all that sit in deliberation over the lives and rights of all in society.

In attempting to correctly consider the question posed by this paper, one could not make an informed determination about the future of the welfare state

to the reader without first outlining the founding principles and ideals behind the welfare state and its subsequent development since the late 1940s. Similarly a detailed understanding of how neoliberalism with its unhindered free-market ideals coupled with its preponderance for individual freedom and agency needed to be fully understood. Likewise neoliberalism with its fixated abhorrence of any fiscal impositions or sense of collective responsibility, which negatively impinged on the free-market through state intervention also, needs to be contextually examined in relation to the welfare state. This critique presented the reader with an account of how a number of economic crises during the 1970s provided not only for the desires of the increasingly influential financial elite but aptly outlined the political conditions and impetus which facilitated the neoliberal agenda to become a powerful dominant hegemonic, where its influence now increasingly precedes the social and politico-administrational landscape in contemporary Irish society. In validating this assertion, this critique has called upon the views of many notable Irish and international academics to understand and appraise the significance of these developments, but particularly the developments in relation to the changing status of the welfare state/citizen relationship since the mid-1980s. In relation to prevailing government policy, the continuing influence of the increasingly dominant neoliberal-market ideals have been examined from both a national and international perspective, where it becomes evidently clear that progressive social policy has been repetitively obstructed and reconstructed by powerful vested insiders in favour of free and open market principles. The result of these actions has been forwarded to the reader for their own appraisal. In definitively answering the question posed, and firmly based on the evidence provided, this critique contends that the welfare state has a future, however it has long since crossed the 'Rubicon' in providing the social safety net which *Beveridge* envisaged. Indeed the cynical and politically motivated interference based firmly on the ideals of one distinct political ideology, coupled with the financial constraints this now geo-hegemonic belief system, only serves to ensure the unwillingness, not the inability to provide adequately for the needs of all equally in society. The contemporary welfare state in essence now exists to provide for those who can essentially help themselves; its neoliberal capitalist driven re-orientation sadly ensures the needs of the market are singularly prioritised ahead of the needs of all others. It is within this *mêlée* that Ireland nearing a century as a free and independent nation needs to take stock; we now need to reflect on the powerful and aptly concise wording of our own *Beveridgian* social contract, the small but acclaimed document proudly read on the steps of the GPO in 1916. It is my argument that we as a proud nation have not only allowed ourselves, but also our increasingly distant and remote politico-administrative institutions to fall sadly short of its espoused principles in building an open, just and equal society for all.

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