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## What Are the State Functions Neoliberalism Wants to Get Rid of? <sup>1,2</sup>

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### *An outline and summary of the argument*

The necessity of rethinking and reshaping the role of the state that involves, *inter alia*, the far-reaching reform of social policy, is everywhere on the agenda. The reasons and arguments are manifold. The debate is unfortunately often highly ideological. Thus there is the challenge of finding less loaded arguments. History seems to offer a mine of less ideological approaches.

There is a neoliberal agenda which, in its *extreme form*, would like to get rid of the welfare state as it evolved in western Europe. A milder variant of this agenda emphasizes individual responsibility but accepts the responsibility of the state in case of the destitute. The present paper addresses some of the issues connected with the neoliberal project. It focuses

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<sup>1</sup> An earlier version was published as: And What If the State Fades Away - The Civilising Process and the State, in Stefan Svallfors and Peter Taylor-Gooby (eds) *"The End of the Welfare State? Public Attitudes to State Retrenchment"*. 1999. London: Routledge, 235-264

<sup>2</sup> The study of the historical role of the state and its connection with the civilizing process is a project I am working on. Some of the preliminary results have been presented in Ferge 1997a. However, the whole project is yet in an embryonic stage, and the results are more hypothetical than final. The people I have to thank for valuable, critical and-or encouraging comments are by now almost too numerous to list. Let me mention though at least some of them: Shlomo Avineri, Nicholas Deakin, Herbert Gans, Don Kalb, Károly Kecskeméti, S.M. Miller, Pál Léderer, Frances Fox Piven, Agnes Simonyi, Adrian Sinfield, Stefan Svallford, Abram de Swaan, Peter Taylor-Gooby, and the doctoral students in Budapest.

mainly on Europe. Even this restricted framework will be badly treated: the huge variations within the continent will be hardly touched upon<sup>3</sup>. Western Europe will be differentiated only from central and eastern Europe.

The main thesis of the paper is that the functions of the state as they have evolved in Europe tend to describe a *Bell-curve*. In the early period of state formation the military function dominated, soon complemented by the policing function for inner troubles. State coercion was based on the gradual and always contested monopolization of violence, of legislation, of taxation, and (albeit this is a less often mentioned issue) of coinage.

The coercive functions proved to be insufficient in handling the major new problems of the modernizing world. Industrialization, urbanization, the increasing social density required the active participation of a central agency in the creation of the regulatory frameworks and the infrastructure promoting the expansion of the capitalist market (Polanyi 1944). In addition, the new forms of poverty needed alleviation in order to avoid the physical, social and even moral dangers connected with them (Swaan 1988). Thus the state was forced to take on 'proactive' functions alongside continued repression and policing.

All the above and the following categories of state duties are well known in political science from - let us say - Adam Smith on. The only 'innovation' is that I somewhat enlarge the well-known list. Over and above the military, the policing, and the regulatory-administrative functions one usually adds the so-called welfare functions. I propose splitting the welfare functions in two. I shall define on the one hand activities termed *civilizing functions* that promote the adjustment of people to rapidly changing conditions, and enable them to live together in a relatively peaceful way. The civilizing attempts will be distinguished from the 'helping functions' or *welfare functions* in the strict sense of the word that are meant to promote directly the well-being of people.

The frontier between these two functions - or, for that matter, between all the functions - is admittedly unclear. Many of the civilizing acts, the expansion of literacy for instance, may have been first coerced on the 'victims', the children of the lower strata. At a later stage literacy could become instrumental in improving the living conditions or the life chances of the early victims. However, the happy outcome was more an indirect consequence rather than the *explicit* aim of these efforts. Or to give another example, the workhouses in England had been an instrument of poor relief and hence may be qualified as belonging to the welfare functions. However, since they produced more 'ill-fare' than welfare, their policing function was more than

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<sup>3</sup> I have described the social policy changes in the 'transition countries' in detail in some other papers, e.g. Ferge 1997b, and had a cursory glance on the other parts of the world in Ferge 1998, where I also tried to map the relevant literature.

manifest. Yet they may have had some sort of civilizing impact through their strict disciplinary practice.

The central and eastern part of Europe followed suit promptly regarding the military, the policing, and perhaps to a lesser extent the proactive regulatory duties of the state. They remained more reluctant regarding the other ones.

The near-consensus reached after World War II in western Europe about the multiple functions of the state started to dissolve in the seventies. The state began to 'withdraw' at least from the two last fields. Central-eastern Europe is following suit in this instance, too. However, the process seems to be relatively slow in the majority of the western countries of the continent probably because it meets with strong resistance, while the slashing of the 'welfare state' seems to be rather rapid in the so-called new democracies.

The conclusion of the paper is that the demand for a 'minimal state' is a selective one: not all state duties come under attack. It threatens primarily the civilizing and welfare functions which promoted relatively peaceful and relatively integrated national coexistence. The deterioration of the situation that follows may legitimate the strengthening of the policing functions. These processes may trigger a trend towards decivilization threatening important gains of (western, European) civilization.

*The positions in the state-versus-market debate: a series of examples.*

The attack on the *big* state has indeed become predominantly an attack on the *welfare functions* of the state. The tone of the arguments may differ but their essence is uniform. The ubiquitous theme is the -- probably more alleged than real -- contradiction between the coveted economic growth and exaggerated social spending. The underlying motif is the conviction that the supreme value is economic growth to be attained by unfettered *free trade* equated with freedom *tout court*. The surprising feature of the free trade believers is the contradiction between their rhetoric about freedom and pluralism, and their monolithic attachment to the neoliberal value system which is utterly intolerant towards views sharing the '*indécrottable archaïsme*' which Robert Castel (1995b) attributed to himself.

The 'conservatives' come from different traditions. Their arguments are not particularly original either, but at least they show some variety or some pluralism in the intellectual traditions they endorse.

In what follows both stances will be illustrated by some examples. All positions are present in the West and in the East of Europe alike. Yet I shall quote whenever possible from the Eastern authors who may be less well known to the western readers.

*The supporters of the market*

(i) The most extreme pro-market, anti-state position claims (to quote an author from the West) that 'The phoney help on offer from the Welfare State is no help at all. It is a lethal threat to our freedom. We should get rid of it at once and for all...' (Marsland, 1996, p. xii). A Czech economist, J. Kinkor is not less zealous. He rejects the validity of such concepts as the public

interest or the public good; he maintains that the state has to stop interfering not only with the economy, but also with education, health care, culture, housing. All this has to be regulated by free market exchange. He has crowned the argument by qualifying unemployment as a purely individual problem, in regard to which 'the foolish battle of governments with unemployment is nothing other than a distortion of this extremely valuable information source' (Kinkor 1996: 119)<sup>4</sup>.

(ii) Another pure example of neoliberalism may be found in the writings of Leszek Balczerowicz, the Polish politician and economist. He has theoretically elaborated the underpinnings of his shock therapy. In a relatively recent book, he expressed his aversion to the concept of social justice and his predilection for private, as against public 'solidarity' (Balczerowicz 1995a). He has also taken a strong position in favor of formal market rationality as the dominant social rationality, and the reliance upon economic growth as the unique criterion of social success. This last argument is worth following. He started by reducing the role of social policy to that of an adjunct to the economy.

Social policy -- SP in what follows -- should be defined by its instruments and not by its proclaimed goals (reducing inequality, alleviating poverty, reducing individual economic risk), as intentions do not necessarily become reality.

This claim is then translated into the formal language of economics. According to Balczerowicz the relevant question is

how various states or types of SP affect the rate of economic development, or -- in other words -- which states of SP are incompatible with the rapid rate, ( $SP_{inc}$ ), and which can co-exist with fast and sustained economic growth ( $SP_c$ ). (Balczerowicz 1995b).

In other words, economic growth is the only valid social objective. Social policy may be tolerated if it promotes this objective, without having relatively autonomous objectives about social coexistence. The views of the two above authors are apparently insensitive to the social consequences of the operation of the economy. Also, they fully ignore the ethical dimensions of economic or other actions.

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<sup>4</sup> The quotation is taken from M. Potucek, 1996, p.6.

(iii) János Kornai, the Harvard professor and Hungarian economist, thus representing both worlds, seems recently to have enriched the economist's argument. He was the one who coined the expression of a 'premature welfare state' to describe the social policy of state socialism. He implied thereby that the Hungarian state in the eighties was overdeveloped in proportion to its economic development. He has suggested (in 1992) another 'pure' model. In this model the responsibility of the state for public welfare should be strictly limited. '[The state] gives financial help from the taxpayers' money only to the needy'. Otherwise everybody should find *individual solutions* to solve his/her problem through nonprofit and for-profit insurance companies or other marketed services.

In his later writings economic considerations seem to give way to ethical ones. In a paper written in 1996 and re-written several times since, the moral dimension and some social considerations are explicitly taken on board.

Although I am an economist, I do not base my argument here on economic principles, or advocate reform because the welfare sector is too costly or cannot be financed over the long run. Rather, this study embodies a set of ethical principles ... that represent also a *credo* - the set of values I espouse... (1997:277).

Two ethical principles are in fact spelt out - with a slightly changing vocabulary, though. The *first principle* is about

*The sovereignty of the individual: Reforms should maximize the sphere within which individuals make decisions. The state's sphere should be correspondingly curtailed. ... Principle 1 not only ensures the individual's right to make his/her own decision, but also requires that individuals be responsible for their own life*<sup>5</sup>(1997:278, emphases in the original).

The second ethical principle is about 'Solidarity', a key concept in European social thought and practice. It has acquired many meanings. It may refer to the 'brotherhood of men' in general; or to mutual and reciprocal help not in line with the market logic; or as 'justice defined in terms of rights' (Baldwin, 1990:31), or as 'the outcome of a generalized and reciprocal self-interest' (idem:229). Less often it is understood as help offered to the weak. Kornai uses it only in this last sense:

*Principle 2 - Solidarity: Help should be provided to the suffering, the troubled and the disadvantaged. ...Implementation of the solidarity principle requires only targeted state assistance [going] only to those who are truly in need* (idem:278-279, emphases in the original).

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<sup>5</sup> As explained in this and other papers of Kornai, one's responsibility extends not just to old age, illness, disability, death of the breadwinner, and unemployment, but also to the housing and schooling of the children.

The extremely individualistic approach which characterizes this ethic justifies the diagnosis of many that neoliberalism is about the ‘individualization of the social’. The individuals responsible for their and their families futures, who are engaged in saving for the future and for ‘unforeseen eventualities’, undermine the *status quo* from another perspective as well. For, the above ethic offers arguments against ‘the old solidarities, against the reserves of social capital protecting a large part of the present social order from plunging into anomie’ (Bourdieu 1998:118). Thus the ‘ethical’ approach gives additional support to ‘the program of the destruction of the collective structures that could create an obstacle to the pure market logic’ (idem:110).

### *Arguments for the state*

Let me make a cautionary note. The ‘partisans’ of the state are all aware that the ‘state’ may come in all forms, and may be the source of all evils. What is meant by ‘the state’ in the following arguments is a state built on democratic principles without being impervious to many ‘state failures’.

(i) The most wide-spread of the counter-arguments is probably that the negation of the ‘common good’ and of public responsibility for public well-being is in stark contrast with a European tradition which is at least two thousand years old. After all, ‘it was Aristotle who maintained that while states originate in the need to safeguard life, their *telos* - their ultimate goal - is the morally Good Life.’ (Avineri:26) The ‘common good’ was one of the important leitmotifs of politics throughout European history, albeit one might wonder how often it was taken seriously. The ethical dimension is manifest in this argument. Most recently it was George Soros who revived this tradition, with the advantage of a most intimate knowledge of the market.

Laissez-faire capitalism holds that the common good is best served by the uninhibited pursuit of self-interest. Unless it is tempered by the recognition of a common interest that ought to take precedence over particular interests, our present system is liable to break down. (Soros: 48 )

(ii) Those attentive both to current developments and to the political dangers of impoverishment have misgivings about the current welfare cuts. They ask whether this is a good time for the welfare cutbacks and rapid marketization of social policy schemes. One does not need too much imagination to realize that the consequence has to be the rapid fragmentation of society, and the inability of various groups to satisfy their most basic needs. The escalation of the costs of housing, of medical expenses, of the schooling of children are particularly threatening, and so are the dangers connected with the large-scale deprivation of children.

The destitution and the anxieties stemming from these trends as well as from the threat of unemployment are increasing, and may cause long-term social, physiological and

psychological damage. The political dangers (for instance of right-wing populism) are not to be ignored either. As George Soros has put it:

By ...declaring government intervention the ultimate evil, laissez-faire ideology has effectively banished income and wealth redistribution. ...Wealth does accumulate in the hands of its owners, and if there is no mechanism for redistribution, the inequities can become intolerable (ibid: 52-53).

(iii) The political analysts dealing with the countries 'in transition' add a further consideration to this argument. According to them, the slogan of the 'minimal state' may be dangerous under the present conditions. A strong state may be exceptionally important when all the institutions are undergoing basic change, when laws must be passed for everything, when the new laws have to be enforced, and when self-restraint is at its weakest everywhere. The absence of a strong state may lead to total chaos as in Russia (Holmes 1997, Kende 1997)

(iv) Economists (and philosophers) repeatedly formulated moral arguments against unfettered individualism. They enriched the meaning of (individual) freedom by distinguishing between negative and positive freedom (Berlin 1969, Sen 1990). This interpretation of freedom - perhaps more implicitly than explicitly - argues for social redistribution. The economic argument is sharpened when the analysis turns to the inevitable failures of the market (Barr 1987). Przeworski (1997) carries the well-known arguments beyond the usual limits.

When some markets are missing, as they inevitably are, and information is endogenous, as it inescapably is, markets need not clear in equilibrium, prices do not uniquely summarize opportunity costs and can even misinform, externalities result from most individual actions, information is often asymmetric, market power is ubiquitous, and 'rents' abound. These are no longer market 'imperfections'...The economics of incomplete markets and imperfect information allows room for a much greater role for the state [than allowed by the neoliberal agenda]. The neoclassical complacency about the market is untenable: markets simply do not allocate efficiently. Even if governments have only the same information as the private economy, some government interventions would unambiguously increase welfare' (414).

(v) The 'new progressives' or 'new social democrats' try to find a way between the old left and the new right. They accept the idea of an activist state but with many caveats. Redistribution - the encouragement of a policy of 'hand outs' - should be limited, while investment in human capital, in high technology or in the environment may be seen as a priority. This approach shows concern for human suffering by allowing for help for the poor, but it is not unduly preoccupied with problems of social integration or social exclusion (Ladányi and Szelényi, 1997).

(vi) This line of thought leads us to the new endeavors in the European Union to find a new public philosophy. A growing number of citizens are concerned about the deteriorating quality of public life. Hence the new approach takes as its central concept the *quality of society*. The group of European scholars involved suggest that social quality rests on the degree of economic security, the level of social inclusion, of solidarity, and of autonomy or empowerment (Beck and al. 1997). These objectives require a strong, if reformed state involvement, and large-scale public debates about the kind of society worth having. This approach has had a sympathetic response in Hungary. (Over a hundred social professionals signed a slightly modified version of the Amsterdam Declaration endeavoring to attract the attention of politicians to the conditions instrumental in promoting social quality under the Hungarian conditions.)

(vii) A last approach - mine as it were - tries to turn to history, particularly the relationship between the 'welfare state', and the problems of social coexistence or civilization. It endeavors to think through the present consequences of the reversal of a historical trend. The argument will be only briefly summed up here, only some conclusions will be spelt out.

#### *Unfolding state functions*

The state 'is a being which cannot be liked' - wrote József Eötvös, the Hungarian liberal thinker, in the middle of the last century. I guess that most of those participating in the current passionate debates about the state would agree on this point. I certainly do - even if the state in question is not of the totalitarian, dictatorial or authoritarian variety. (In fact, as already mentioned, and if not specified otherwise, I understand by the state a modern parliamentary democracy.) Despite this aversion, nobody - with the possible exception of extreme anarchists - thinks about its *abolition*. The differences between the attitudes towards the state do not depend so much on the emotions towards it: as I said, most of us dislike it. But there are different reasons, values and interests behind this apparently collective dislike. Consequently, there are large differences concerning the functions which are thought to belong to the proper realm of the state, and concerning the agencies which could or should replace it in performing some or most of its tasks.

The ensuing attempt to give an overview of the changing duties and functions of the state is utterly overgeneralized. The story is different in different countries. It has to be re-emphasized that all state actions have always been heavily opposed usually by groups that feared the curtailment of their privileges or their power. The resistance to a growing state varied from country to country, and among the states. Apparently in the 19th century 'statism', or at least the increasing bureaucracy was more strongly rejected for instance in England than in the absolute monarchies of central Europe. Also, once established, state bureaucracies have often strongly resisted further changes, seeking 'rents' and wanting to maintain privileges. Hence the utter importance of the role of civil society in requesting transparency and accountability from the



state. Needless to add, these civil efforts often fail or succeed only partially - but this is already another story<sup>6</sup>.

### *Military and policing duties*

Most analysts agree that in the last two to three centuries first absolutist states (Perry Anderson , 1974) and then in most if not all cases so-called nation-states emerged in western Europe alongside the evolution of a predominantly capitalist society (Michael Mann) . This process reached most other parts of Europe, too, albeit with many delays and differences. The historian Jenô Szûcs was probably right in suggesting that one could distinguish at least ‘three Europes’, the west, the east, and east-central Europe in-between. State-formation is not the *differentia specifica* of Europe, though.

Even the great pre-European states have been sooner or later affected by the European influence. ‘Europeans created a system that dominates the entire world. We live within that state system today. Yet the world outside Europe resembles Europe no more than superficially’ (Tilly 1992: 191). The states created under very different circumstances, built on altogether different traditions and cultures may indeed adopt the formal traits and the institutional arrangements of (western) Europe. Yet the essence of ‘modern European statehood’, the relationship between the state and the citizens as well as the role and functions endorsed by, or forced upon, the state may not always follow the original patterns.

Tilly is no doubt right to connect *war-making and state making*. The (European) nation states emerged after a protracted chain of clashes and combats between feudal (or similar) minor powers that continued their enmities even after the establishment of the new centralized powers. Thus one of the first functions of the state was, to quote Hobbes, to assure ‘mutual ayd against the enemies abroad’ (quoted in Pierson 1996:9), to protect subjects against attacks from outside. No less important was, in the words of the early theorists, the protection of the safety of the subjects, the prevention of their own destruction through civil wars or strifes, and the protection of their property. To quote again Eötvös (albeit without being able to render the charm of his mid-nineteenth century Hungarian prose):

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<sup>6</sup> The comparison between the market, the local state, the central state, and the NGO sector in terms of transparency and accountability is a slowly emerging topic. Because of the *par excellence* political nature of their exercise, the instruments for control of the state seem to be somewhat more developed and more efficient (at least in mature democracies) than those for control of the market or of the voluntary sector.

‘What may be the aim which makes the majority see it as necessary to support the state, to defend it with their arms, to accept taxation, to endure all the irritating stints of public administration? . . . The aim of the state is security. When the state cannot assure this for each individual, its citizens may think it the greatest evil . . .’ (II., 94,95)

Security did not mean for Eötvös what we understand by it. He himself emphasized that its meaning varies with time and different nations understand by it different things. But on the whole the early state was needed essentially for war-making in all its forms, and for assuring outside and inside peace. These activities implied at that time mainly coercive, that is, military or policing functions. Throughout this process the state gradually acquired, to quote Max Weber, the monopoly of the *legitimate use of violence*. These functions required huge resources so that the state slowly obtained also the monopoly of *tax collection* (called extraction by Tilly). All these monopolies were acquired in long struggles with the other former important agencies of power including the Church, the feudal princes or lords, the towns, and sometimes various oligarchies.

The policing duties were increased with the changing character of poverty. The poor ‘had always been there’ in European history and it was never quite comfortable to live together with them. Depending on the spirit, on the ‘ethos’, on the resources of the times, and also on the number and characteristics of the poor, society tried to ‘cope’ - either by oppressing them, or by alleviating their plight, or both (see for instance Castel 1995a; Geremek 1987; Mollat 1987; de Swaan 1988.). Whether regulation or help, the handling of the poor was the duty of the smallest available helping unit - be it the family, the lord, the parish, the guild, or the locality. After all, ‘subsidiarity’ is not a new idea.

The evolving market economy changed the face of poverty. With increasing social density and mobility, the scattered poor had changed their geographic and social position. They had become more visible in the fast growing cities. Their miserable conditions certainly caused concern for them among their ‘betters’, who had become more sensitive or refined than before - hence the strengthening of the welfare functions to which we shall come back. However, the poor had also become more dangerous and more endangering than before. They represented a danger for the bodily safety, for the property, for the morality, and even for the health of the better-off (Swaan 1988). Meanwhile those better-off were gradually deprived of the means of self-defense because the state monopolized the instruments of violence.

The first reaction of the state -- empowered with the authority to maintain order -- was certainly to respond with oppression or violence to this challenge. The cruel punishment of those belonging to the first waves of the ‘new poor’ for instance under Henry VIII in England or Louis XIV in France is common knowledge. Hence the strengthening of the policing function of the state. This function was time and again reinforced when for instance the movements of the emerging working class had to be fought back (Thompson 1963), or when the escalation of poverty prompted in England the Poor Law of 1834, a particularly nasty disciplinary Act. With the formation of the working class the problems had become more acute.

Regimes now (in the middle or second half of the nineteenth century) had a broader ‘policing’ problem. Capitalism and urbanization had weakened local-regional segmental control over the lower classes. Propertyless laborers, subjected to capitalist markets, periodically were rendered destitute, migratory and rebellious. Peasants were burdened by debts as commercialization swept the countryside. Because capitalism conferred new powers of collective action on workers and peasants, more universal forms of social control were required, especially in the burgeoning towns. (Mann, 1993:500)

All in all, the new economic and social order and the upkeep of public safety under the new conditions required the state to further strengthen its policing functions. The pressure came as much or more from the middle and upper strata as ‘from below’.

#### *Administrative and regulatory functions*

Of necessity the role of the state in administration unfolded along with its policing and tax collecting roles. Also from the earliest days it had to take on a role of ‘adjudication’, the ‘authoritative settlement of disputes among the subjects’ (Tilly 1992: 97). This role has become effective with the monopolization of the *right to promulgate binding laws and to enforce them*. The monopoly of violence was obviously instrumental in promoting this role.

The emerging market society imposed further duties on the state. One of the threads of the story of state-building is the increasing *density* in many realms of society in the last centuries (a topic first developed by Durkheim). This development is related to the evolution of the capitalist economy, to the unfolding of industry, trade and communication, paralleled by urbanization and population growth.

With the differentiation of production, the monetization of an increasing part of transactions as well as with a broadening network of industry and communication the need for adequate infrastructural support (roads, railways, urban planning, public buildings) increased. Many of those investments were forced upon or taken over by the state for more than one reason. As Swaan (1988) pointed out in a different context, the free-rider problem created obstacles to the private production of many widely used facilities. In the majority of cases the building or planning activity also served either strong industrial interests or military and policing aims, or both. (The most familiar example of the relationship between town-planning and policing is the redesigning of the boulevards of Paris by Hausmann.) Once the need for them arose, the use of roads, of land, of seas or the air had to be regulated in a uniform way. Also the emerging industry and trade needed state regulation or legal underpinning. As Polanyi put it:

‘There was nothing natural about *laissez-faire*;...Just as cotton manufactures were created by the help of protective tariffs, export bounties, and indirect wage subsidies, *laissez-faire* was enforced by the state. The thirties and forties saw [alongside with the repeal of restrictions] an enormous increase in the administrative functions of the state...’ (1944., p.139)

The multiplication of commercial transactions went hand in hand with the intensification of communication and social networks. They developed into ever longer „chains of human interdependence” conducive to the „*generalization of interdependency*” (Swaan, p. 2.). As the chains of human interdependencies lengthened and multiplied, as the complexity of the transactions relating to objects and of social relationships grew, the danger of confusions or disorders increased. Local or regional regulations became inadequate. A gradual upward shift took place in the power centers entrusted with the regulation of the emerging chaos. In other words the state grew. State regulation, administration and ‘accounting’ spread to people, to money matters and to innumerable other phenomena strengthening state bureaucracies further. The story is well known. The examples above just serve to justify the separation of the regulatory from the policing function which may not be self-evident.

Most of these actions promoted mainly, if not exclusively, what was called by David Lockwood (1964, and later by Habermas and Luhmann, 1971) *system-integration*. This implies the relatively smooth operation of the institutions and mechanisms - such as the market, the communication system, public administration itself - assuring the reproduction of the system.

One may add that all the above functions, the military, the policing as well as the administrative and regulatory functions have characterized all known states, albeit the extent of the bureaucracy and the instruments used may have varied widely.

### *Welfare functions*

The policing of poverty did not offer a lasting and satisfactory solution. The massive and cruel oppression or punishment of the poor came into conflict with the ideas of the Enlightenment, the increasing sensitivity of the 'established' strata, the idea of the nation-state, and also with sheer economic rationality. The subduing of the poor was always costly. Also the over-exploitation of children and young women led to the waste of lives which could be put to use more profitably if handled differently. With the spreading of 'modern' ideas and with growing resources, it became increasingly difficult and increasingly costly to handle the conflicts only by coercion. Quiescence seemed to be easier to reach by means of compromises that dealt with some of the causes of discontent or conflict.

In truth the 'helping' duty of the state appeared from the earliest days of state intervention, alongside its cruel sanctions. Section 2 of the Act for the Relief of the Poor (Elisabeth 43, 1601) declares:

It is agreed and ordered by the present Assembly that each town shall provide carefully for the relief of the poor, to maintain the impotent, and to employ the able, and shall employ an overseer.

But poor relief was an insufficient means to answer the new needs. The 'spirit of times' was changing. The idea of human dignity slowly gained ground. It led to the recognition of the *indignities inflicted on the poor* both by the procedures of traditional poor relief and by their miserable living and working conditions. The efforts to improve the lot of the poor started at various points of society. Self-help groups or mutual funds survived from before or were created anew. 'Scores of philanthropies', initiatives of 'private individuals', the helping efforts of 'philanthropic' capitalists gained ground (Himmelfarb:12). All in all, the belief spread that 'it could and should be better than it was'. However, the scattered efforts were often weak (the free-rider problem was an obstacle here too) and they were not ubiquitous.

The story mentioned in regard to other state functions repeated itself in regard to welfare. Various interest groups of society forced the central power to take over responsibility for improving the living standards and the 'existential' security of the more vulnerable groups. Factory Acts limiting the exploitation of children and women, and defining standards of occupational safety paved the way for a more acceptable, not to say a more dignified status of the workers (Castel 1995a). Haphazard and demeaning social assistance was slowly transformed either into statutory state social assistance, or into social insurance schemes covering at the beginning only the workers (Hatzfeld 1971).

Better hygiene, slowly improved housing, more accessible health services - all of which were part and parcel of the civilizing process - also had an immediate 'welfare dividend'. Mass education which was at first enforced on the children of the poor was gradually accepted as a means which could perhaps help to improve the lot of the children. It may be conjectured that social insurance contributed to reduce the sufferings caused by the anxieties related to unpredictable and fateful events.

In the twentieth century, and particularly after World War II, the welfare functions of the state have spread gradually to the whole of society. (We shall come back to this point which is closely intertwined with the civilizing process.) Services of improved quality reduced the resistance of the middle classes so that income redistribution achieved relatively high levels in quite a few countries. The opinions about this development are very much divided. From our perspective, though, it meant the reduction of poverty in general, and of deep poverty in particular. It also meant a reduction in the inequality of physical and social life chances. In short, it reduced the level of anxiety all around, and also the potential for conflicts between the rich and the poor, the insiders and the outsiders, those on the top and those at the bottom of society.

### *Civilizing functions*

‘Civilization’ is a concept with many different meanings. In the approach of Elias it is related to the ‘self-consciousness’ of the Occident as it evolved from the 15th century on. In his analysis it covers a wide range of phenomena from the most common everyday behaviors like nose cleaning to changing norms in manners, attitudes, patterns of communication, perception of self and others, to affect in the end the psychological makeup of people, ‘the formation of a more complex and secure „super-ego” agency’ (Elias 1982:248)<sup>7</sup>. This process may lead to *replacing outside by inside constraints*, to greater self-restraint and greater foresight (Elias and Scotson 1994:152), ultimately to the *pacification of everyday life*. Swaan has completed this picture on two accounts. He analyzed in detail and by country (Swaan 1988) the evolution of the involvement of the state with education, public health, and income maintenance programs in order to prepare people for the new public duties, to defend the better-off against the dangerous poor, and also ‘to cope with inefficiencies and adversities’ affecting the less well-off. In a later book he drew attention to changes in interpersonal relationships such as the *decrease of social distances* between groups of different rank, then between genders, generations, ‘superiors’ and ‘inferiors’ within organizations, and between governments and their subjects (Swaan 1990: 150-151). In what follows I would like to emphasize some elements of the above story or to complete it with some considerations.

- It should be repeatedly underscored *that civilization is about social coexistence*. A common language may be an important means of living together, but shared codes, ethical and (later) legal norms and rules may further promote ‘social integration’. This last is a difficult concept whose content and meaning varies with space and time. It seems to me, though, that Habermas and Luhmann are right in suggesting that *system integration* in itself is arid. The ‘life-world’ means more than the undisturbed functioning of basic social

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<sup>7</sup> The very idea of civilization as a process of imposing self-control goes back of course to Freud as widely acknowledged by Elias and Swaan. The super-ego is not only an individual phenomenon - it is one of the connecting links to society. Freud explicitly says that *some curtailment of individual freedom seems to be the price of civilization* (1951: 59-60).

mechanisms and institutions. Part of the life-world is ‘a normative integration’ which is evolving through a common sense of ‘belonging’. If there are no shared norms and values, the rules of coexistence lose their credibility and legitimacy. *I suggest that ‘system integration’ and civilization are related but separate concepts.*

· It follows that at least in the modern world system where the market brings into contact practically everybody, social integration and civilization have to reach all the strata and all the members belonging to a given community recognized as a society. However, the codes, rules, norms emerge usually at the top of society. *Spontaneous trickling down* processes do occur, but they usually go only ‘halfway’, and many elements of the complex are left out altogether from the spontaneous processes. The successful spread of civilization requires at least two conditions: civilizing agents on the one hand, and the adequate ‘preparation’ of the strata far removed from the top on the other.

· The emergence and the mode of operation of the various ‘civilizing agents’ would need a minutely detailed country-by-country analysis. Here only two aspects would be briefly mentioned.

*One of them* is the wide variety of the agents. One of the earliest agents were the churches. In western Europe the role of Christianity is hard to overestimate. The feudal estates, the guilds, later the factories fulfilled also important civilizing functions. This is partly explained by the growing pluralism of modern societies. But most early agents were particularistic or partial. They fulfilled only a limited role (for instance the Church contributed to spread literacy but not numeracy), or they served particular clienteles (for instance the workers of the factory). In order to reach the large masses, and to spread a more complex common culture, more resources, more institutionalized solutions, more ubiquitous agents were needed. The state qualified for this role. From the onset of enlightened absolutism it deliberately took over the steering and also the implementation of many aspects of the civilizing process, taking over for example regulations referring to behavior in public places. It did this *via* the educational system, but also *via* the military and other services.

· The other condition of the success of the civilizing efforts was indeed the adequate ‘preparation’ of the strata far removed from the top. They had to be enabled to absorb the ‘blessings’ of civilization: if and when children did not have shoes or decent clothing, they could not attend school (particularly in wintertime). They had also to be convinced by changing conditions that these blessings could be useful. Sheer coercion could not be effective. It may be shown probably everywhere for instance that children who were taught to read and write lost literacy if it could not be put to use<sup>8</sup>.

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<sup>8</sup> For instance Kálmán Benda, an Hungarian historian, showed that at the end of the

In other words, if the real and symbolic distance between the top and the bottom of society is too large, the civilizing process will remain defective. These distances are *never* reduced 'spontaneously' - rather their reduction requires the resources which perforce have to come from the better-off.

The early civilizing efforts of the state were restricted to those who were not 'spontaneously' affected. Initially the compulsory institutions of health, education, and income saving to deal with spells of bad fortune 'affected workers, peasants and poor people more than the higher strata in society, who may have helped initiate these arrangements but have alternative resources to rely on for coping' (Swaan 1987:475-476). They already had the use of these institutions or at least of their functional alternatives.

Gradually however the compulsory institutions have become increasingly collective. Thus their compulsory, policing and constraining character could weaken, and the interactive and integrative features could strengthen. The widening of the clientele, the inclusion of more vocal groups with higher expectations led to a 'virtuous circle'. The more affluent groups gradually realized that it was in their own interest to profit from their own taxation. The history of the 'welfare state' after World War II is the history not only of the spreading of the all-encompassing compulsory institutions, but also of the gradual improvement of their quality. The collective arrangements, just because they could appear as less discriminatory and enforced, could become more effective in changing interpersonal relations. The informed self-interest of the tax-payers has been an important factor in accepting 'enforced solidarity' leading to the spreading of good-quality institutions of a universal character.

The evaluation of the civilizing process -- whether it makes people and societies better or worse -- is a question I am not prepared to answer. It is certainly a double-faced process. On the negative side it curtails freedoms (by enforced solidarity) and makes people more vulnerable in the face of aggression for instance. I only suggest that the civilizing process is instrumental in preparing people to adjust to changing social conditions. Applied to a society as a whole, or to different groups within a given society, being 'more' or 'less' civilized means, among other things, that one is more or less well prepared to exploit the opportunities offered, to cope with reality. If this is true, then one aspect of the process may be looked upon in value terms. If the civilizing process helps people survive in a given society, then it is a crucial question whether it reaches everybody, or whether many remain outside its grasp. The components of the civilizing

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eighteenth century the ability of the peasants to write and to count remained functionally alive only in the centers of trade and commerce, and only in case of those involved in trading (Benda, 1978).



process are indeed constituent parts of the social or cultural capital. If many are denied access to these resources, they will inevitably move downward or stay down in any given society.

I suggest that *the main achievement of the by and large fully-fledged 'welfare states' was the inclusion of the vast majority into the mainstream.* This was achieved by ensuring access to many important civilizing assets (including jobs with a fair wage surrounded by rights). Obviously these societies were not perfect. I think, however, that *the level of human suffering was reduced* with spreading rights and resources. Also, 'social integration' could become a more meaningful concept than heretofore.

#### *The case of eastern Europe*

The extent to which the above processes reached central and eastern Europe is another long story. The majority of the countries there had a more rigid and more hierarchized social structure before World War II than their western counterparts. They were also laggards in terms of the civilizing and welfare functions of the state. After the war 'authoritarian state socialism' did not offer a fertile soil for many ingredients of the western civilizing process. The political culture was nipped in the bud under the conditions of totalitarian politics. The contractual culture of the market disappeared in an economy which tried to abolish the market. Still, there were strong efforts to promote the civilizing and welfare functions of the state.

The 'collective, nation-wide and compulsory arrangements' spread literacy, self-care, a change in manners. The 'thresholds of shame and embarrassment' were advancing. Albeit various external constraints were heavier than ever before and in many cases were not even meant to become self-constraints, yet self-constraint was strengthening in many spheres with the changing economic conditions and social relations. Income security, combined with the expanding and free (or available) educational opportunities, motivated people to plan a future for their children at least in the majority of families.

The civilizing and integrative impact of all these changes had to be weaker than in the west for a number of reasons. *First*, because of non-democratic politics there was much less participatory involvement between the users of the institutions and the state. Without active involvement the identification with, or the sense of belongingness to, the institutions was probably weaker, and therefore the messages emanating from them had to be less effective. *Second*, time for these changes was too short. It is sometimes assumed that it takes at least three generations for the civilizing impact to become effective (Fletcher 1995) - and the period in this case was much shorter. *Third*, the huge pre-war social distances were politically declared void and were factually reduced. Yet the real distance between the most down-and-out and the models of civilization on offer in schools, hospitals, etc. remained too large. The kindergartens for instance made huge efforts to inculcate in children 'civilized' ways of behavior such as washing hands --but the effect was dubious if even in 1980 ten percent of the homes lacked basic amenities.

Despite these obstacles and adverse circumstances, I maintain that a civilizing process in the western sense took place. One set of reasons is historical-political. The welfare arrangements were not artificial inventions forced upon the country by an alien power. Most of them had historical roots, and the improvements could be sensed as the fulfillment of age-old

requests. Thereby a process was started enabling large strata to acquire some ‘civilizing capital’. And in most cases the impact was reinforced by the changing social relations.

In short, I suggest -- even if I know that the position may be contested -- that there was a civilizing process under state socialism. The process was not unequivocal; there were all sorts of obstacles due to dictatorship, to the short time-span and so forth. Nonetheless, *there were gains, and I think the most positive outcome of ‘socialist dictatorship’ was the reduction of the civilization gap both between East and West, and between the higher and lower echelons of society. Many civilizing acquisitions spread through society, even if the very bottom may have been hardly touched.*

#### *The weakening of some state functions*

With neoliberalism the expanded role of the state has started to be questioned. *The civilizing and welfare functions of the state have come under heavy attack.* This does not seem to meet with the preferences of the majority of taxpayers (Svallfors and Taylor-Gooby, 1999). Yet the interests adverse to state redistribution favoring *both* weaker groups *and* social integration are successfully defeating mass expectations - a very paradoxical fact in democratic regimes. The strength of the opposition to the withdrawal of the state depends in fact on a number of factors. It is relatively strong in (some western European) countries where civil society has been instrumental in forcing the state to serve ‘the common good’; where the major and better-off segments of society have also visibly profited from these functions; and where civil society is strong enough to fight back the mighty new financial interests<sup>9</sup>.

In the late-comer, poorer and more vulnerable countries of central-eastern Europe the withdrawal of the state seems to meet less resistance. The above factors are weak or missing, and also the pressures of supranational monetary forces are stronger and more difficult to resist. The countries in question are economically weak, often indebted, and have to prove that they have overcome their ‘statist’, ‘communist’ and ‘paternalist’ past. In many countries of the former third world the welfare and civilizing functions had appeared so late that they could not take root while ‘the going was good’. The chances do not seem too good for their further growth except perhaps in some countries of Far Asia. Their economic take-off coincided by and large with the unfolding of economic globalization.

There seems to be then an apparent convergence at least between former second world and former third world countries. This is not pure coincidence: international pressures push the eastern countries in this direction. Many analyses assess

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<sup>9</sup> For the strengths of resistance of different countries to marketization see Altenstetter and Bjorkman, 1997.

‘the post-communist countries in Eastern Europe’ as having ‘the most generous social welfare budgets in the world’ with 15 to 30 per cent of the GNP spent on it. This compares badly ‘with the outlays of East Asian countries at similar income levels, which average between 5 and 10 per cent of GNP for similar social programs’ (J. Sachs, 1991:2, quoted in Vecernik 1996:206).

No doubt, the living conditions of the people in central Europe are not among the worst in a global perspective. The majority of the poor are still probably better off than many poor in the far East or Latin America, let alone Africa. But the situation is graver if *social dynamics* are taken into account. It is not the same thing to have always missed something and to lose something. That is why a static comparison with Asia *à la Sachs* is completely misleading.

Meanwhile the global economy appears not to need, at least for the time being, neither a global civilization nor a global appeasement of the conflicts over the extremely unequal distribution of resources. There are no countervailing forces to bring it to realize the troubles and conflicts which may ensue. Neither are there international agents to promote efforts in this direction.

#### *A vicious circle?*

One could gather the impression from the previous arguments that the civilizing process - at least in the West -- was cumulative and followed a direct line. This is clearly not the case. Even though it is only a footnote in the work of Elias written in the thirties, he explicitly suggests that

The armor of civilised conduct would crumble very rapidly if, through a change in society, the degree of insecurity that existed earlier were to break in upon us again, and if danger became as incalculable as it once was. Corresponding fears would burst the limits set to them today. (1939, I.: 307)

Revolutions, wars, grave natural or social calamities and crises, and then in an unprecedented way Fascism and Bolshevism all entailed various anti-civilizing effects<sup>10</sup>. The onset of a new decivilizing process cannot be excluded on the level of (some) nation-states, or on the global level.

The pessimistic scenarios are all related to the assumption that the neoliberal recipe will spread, involving wholesale deregulation, individual competition, and state retrenchment. *The*

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<sup>10</sup> There is a new body of research centered on the decivilizing processes which I cannot handle here in depth (Duclos 1993, Fletcher 1995 and 1997, Mennel 1990).

*decivilizing process*, even if it does not go the whole way, *may take two forms*, both connected to the reversal of historical processes. One of them implies that *those elements may crumble first which were the last to be built up*. This means that the process may not start with thinning social density or shortening chains of interdependency, but with changes in affect management or self-imposed constraints. The other partial process means that *those will be the first victims of decivilization who had been the last ones reached by the civilizing process*.

Out of the many historical processes of capitalist development we hinted at three at least that seemed to have been particularly instrumental in propelling the growth of the civilizing and welfare functions of the state: increasing density and longer chains of interdependence; the growth in the number of and the increasing visibility of the dangerous and endangering poor; and the need for the containment of inequalities for the sake of social integration, and for bridling social conflicts.

Apparently, none of these tendencies have subsided, on the contrary. Density is increasing at an astronomic speed. Inequalities within and between countries seem to be increasing (World Bank data, 1997). The number of the poor is growing even in the rich countries producing alarming phenomena like the emergence of an underclass, or marked tendencies of social exclusion. Indeed, in the last one or two decades growing unemployment, other major changes on the labor market like the destabilization of jobs, declining earnings, weakening rights and eroding ‘social solidarity’ all contributed to the expansion of poverty, to the accentuation of problems such as homelessness, hopelessness, criminality, other forms of anomic behaviors.

Similar phenomena prompted the state a century and a half ago to complete its policing functions with civilizing and welfare functions. By contrast, we currently witness the institutionalized weakening of the collective, all-encompassing and compulsory arrangements. The first direct consequence of the cuts is the downgrading of the institutions: either their coverage may shrivel, or their standards may decrease, or both. Their attractiveness is weakening. This triggers the vicious circle of a sort of tax revolt: people are less and less willing to pay taxes for deteriorating services that, in addition, are increasingly ‘targeted’ only to the poor.

We have come full circle. The main function of the early modern state was the defense of society against attacks from inside and outside. Within the country this meant the defense of private property and the ‘war against the poor’. Gradually ‘helping’ and ‘civilizing’ functions were added to the policing functions. Welfare redistribution has become an important instrument. The current revolt against it may not really want to minimize the state.

The attack on the *big* state has become predominantly an attack on the *welfare and civilizing functions* of the state. This seems to be the price exacted by those who are profiting the most from the globalization of the economy, the free movement of capital, the exacerbated competition within and between countries and companies. With increased income and wealth, the winners are able to spend much more on services of which they are the exclusive users. The former common institutions are destroyed. On necessity what remains of them at the service of the losers becomes impoverished and of low quality.

Some other consequences of these movements may also be conjectured. With the replacement of former public services with market or pseudo-market solutions, huge sums are sacrificed from the state budget - that is, from tax-payer money - to give incentives (through tax breaks) for individual to participate in these new market programs; to popularize the new formula of marketization; and to strengthen and to regulate these incomplete markets since they are particularly prone to market imperfections and failures (like the health or pension 'industry'). And as an ultimate irony, the state guarantees at least a minimal level of those services. Thus if the market solution fails, it is not the entrepreneur but the general tax-payer who will pay the price of defective business management. (The newly reformed Hungarian pension system shows all these characteristics of enforced marketization and privatization.)

The balance between, on the one hand, the *regulatory and the oppressive functions*, and, on the other, *the enabling functions* of the state is changing. The dangers of social polarization, of an increasing level of resentment and violence, of a decreasing level of 'civilization', the spread of lawlessness are in the offing. If society wants to maintain peace, *policing forces have to be strengthened*. (The peace dividend created by the end of the cold war may be used partly to this end.) With this switch it serves increasingly those who have the most to lose and to fear. *Thus the weakening of the 'welfare state' may, or indeed has to, go together with the strengthening of the policing state.*

In short the functions of the state in the last centuries seem to describe a 'bell-curve'. The ascending side promised a 'virtuous circle' forcing the state to complete its self-serving and coercive functions with more responsibility for the 'common good'. The descending side may lead to a vicious circle giving free rein to a process of decivilization.

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