

Jonathan Boston

Transforming the Welfare State: Towards a New Social Contract
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Making Socialism within Capitalism

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Consistent with the purpose of the Bridget Williams Books' series, this contribution by Jonathan Boston, professor of policy studies at Victoria University of Wellington, is indeed a 'short book on a big subject from one of New Zealand's great writers'. An academic career of committed conscientious research and active involvement underpins Boston's visionary yet practical account of how to transform Aotearoa New Zealand's welfare state. Echoing the foundational principles of the 'modern welfare state' that he derives from a Christian worldview, the project is to transform poverty and competitive exclusivity into a world where everyone's basic material needs can be met in a spirit of solidarity and social inclusion.¹ For Boston, 'a welfare state must be founded on both reciprocity and compassion; both conditional and unconditional care; both justice and love'.² Overall, *Transforming the Welfare State* offers a detailed yet holistically integrated blueprint, including both substantive and processual elements of an updated and redesigned welfare-state project for Aotearoa New Zealand.

The book begins by reasserting the traditional

1 Jonathan Boston, *Transforming the Welfare State: Towards a New Social Contract* (Wellington: BWB, 2019), 46.

2 *Transforming the Welfare State*, 18.

institutional goals of the modern welfare state, which are presented as a list of aspirational ‘societal attributes’.³ The modern welfare state’s love-and-justice foundation is expressed in the goals of universal material security and fairness in the distribution of wealth and opportunities, which both drive, and are driven by, inclusive solidarity. The immediate priorities today, according to Boston, and echoing the current government’s own priorities, are ‘to reduce material hardship’, and invest in children and social housing.⁴ Boston updates the traditional agenda by listing more recent concerns that centre on ‘intersectional and inter-generational fairness and equity’ in meeting our needs, providing opportunities, and redistributing wealth. This updated focus also includes ecological sustainability, life-long flexible education, disability equity, work-life balance, and the valuing of unpaid work.⁵ He stops short of explicitly advocating for a UBI or a ‘wealth tax’.

Before outlining a detailed and forward-looking project for Aotearoa New Zealand’s welfare state, Boston critically describes its presently inefficient, internally inconsistent, and out-of-date formation that—largely because of the absence of dynamic institutional adjustment—has not kept pace with broader societal changes. The first thing that Boston is concerned with, then, is updating the welfare state’s various agencies and increasing funding. He stops short of proposing more radical welfare-state redesign proposals because, ‘as emphasised repeatedly, durable change will require adequate public and multi-party support’.⁶

Beyond updating, Boston offers a practical vision for the redesign of the country’s welfare state. Based in his practical application of social contract political philosophy and aligning with the concept of autopoiesis, Boston seeks a durable and dynamic ‘political settlement’ embedded in a broader democratic will. He envisions an institutional framework that can reconcile a fixed set of foundational principles central to social stability and legitimacy with a dynamically self-adjusting process that can

3 *Transforming the Welfare State*, 12–14.

4 *Transforming the Welfare State*, 220–224.

5 *Transforming the Welfare State*, 12–14.

6 *Transforming the Welfare State*, 214.

keep pace with social change. A consensus of purpose encapsulated in a shared vision is to be grounded in a set of core values, embraced by the citizenry and institutionalised through ‘multi-party support for a durable policy framework’.⁷ Boston’s major concern, however, is that to be durable, society’s welfare project needs to be ‘future oriented’ and dynamically self-adjusting.

An illustrative example of a built-in, semi-automatic process of continuous updating is Boston’s proposal for ‘a principled and comprehensive system of indexation covering all forms of social assistance’, from unemployment and sickness and disability benefits to accommodation, childcare, and dental-service subsidies.⁸ More fundamentally, he seeks the institutionalisation of a mode of regulation driven by a ‘national conversation’, which, though anchored in an embedded set of core values, is dynamically open-ended. He flags a wide range of enabling and constructively interacting institutional forms and collective mechanisms including a vibrant civil society with citizens assemblies and social charters; open governance frameworks and multi-party agreements; and various government agencies, select committees, and government-sponsored working parties. Boston seeks to responsiblise the open-endedness of this process by embedding appropriate norms and attitudes, including those of inter-party negotiation, compromise, and collaboration; evidence-based research from working parties; and informed public debate underpinned by critical education and robust information. The non-partisan research-driven work of policy development and implementation groups within the broader state is a practically important part of the vision.

The consensual settlement would become the shared and therefore undebated context that would form the overarching framework within which the everyday politics of competitive political partisanship would play out. Boston’s approach resonates here with Friedrich Hayek’s conception of ‘legal democracy’, which seeks to embed certain regulatory fixes outside direct democratic contestation. It also resonates with regulation theory,

7 *Transforming the Welfare State*, 193.

8 *Transforming the Welfare State*, 167.

which explains the post-WWII era of social progress across the advanced capitalist countries as the result of an institutionally complementary and politically durable regulatory ‘fix’ that counteracted capitalism’s worst social effects. The post-WWII project of the ‘Keynesian welfare state’ was expressed in an overarching class compromise and mode of regulation, while partisan political positions became its Left and Right dialects.⁹ Following Boston, the contemporary institutional fix should be more systematically imbricated in a process of dynamic change underpinned by a ‘vibrant civil society’ and ‘an overall governance framework that is forward-looking, anticipatory, proactive and participatory’.¹⁰ Rather than being undone by Left and Right competitive partisanship, Boston seeks an ongoing spirit of cooperative negotiation that can ensure the stable continuity of the core welfare-state vision, while being dynamically adaptive to the challenges of a changing society and associated democratic social movements.

The broad consensual nature of Boston’s forward-looking project rationalises its careful avoidance of direct engagement with ideological debates. By abstracting out what Gramsci referred to as the ‘war of position’, he appears as the arch-technocrat, offering a non-partisan set of recommendations that can be embraced by incoming or existing governments. Ideologically, though, Boston’s passionate commitment to the radical founding principles of the welfare state and implicit acceptance of the underlying capitalist reality makes him, following Durkheim, a proponent of ‘socialism within capitalism’. Relatedly, Boston’s ‘neither Left nor Right’ proposal undermines his dynamic holism. His proposed dialectic of settlement and adjustment excludes the broader cultural, ideological, political, and economic context within which the welfare state is located, and to which it is responding. He does not engage with the politics of culture that dominate the contemporary form of the Left–Right ideological war of position and raise important challenges to the welfare state in terms of how to address the social consequences of, for example,

9 David Neilson, ‘Bringing in the “Neoliberal Model of Development,”’ *Capital & Class* 44, no. 1 (2020): 85–108.

10 *Transforming the Welfare State*, 14.

institutional racism. From a neo-Marxist perspective, my central concern is that in his desire to transcend Left and Right partisanship, Boston avoids explicit discussion of capitalism.

Critical accounts of the pre-neoliberal modern welfare state that pertained more or less across advanced capitalist countries in the post-WWII era tend to view its primary achievement as the progressive regulation of capitalism. The Keynesian-led Fordist model of development that was articulated with the welfare-state project generated permanent full employment with steadily rising wages and universal social protections, thus delivering security, solidarity, and rising living standards for about a generation. The causes of its eventual decline into crisis in the 1970s are complex, but Michel Aglietta sums up the process well in his quip that ‘Fordism weighed capitalism down’.¹¹ The agents of the neoliberal counter-revolution took the opportunity to pursue an anti-welfare and anti-Keynesian project that has reasserted and globally extended capitalism’s brutal logic. Almost as the inverse of the Keynesian-led model of development, the planet-wide institutional embedding of the ‘neoliberal model of development’ has delivered rising labour-market precarity and social inequality. For the most precarious segments of the labouring population, it has generated insecure employment and low wages, as well as high levels of unemployment, declining welfare protections, and escalating living costs.

The irony of the modern welfare state is that it is premised on the success of a nation-state’s capitalist economic base. In turn, by enabling capital’s global mobility, the neoliberal model of development has made national economic prosperity dependent on ‘locational competition’. Here, achieving a progressive welfare state—like the one Boston outlines—depends on the nation-state’s ability, in competition with all other nation-states, to win a viable share of globally mobile capital. The most generous and progressive welfare states in the world, such as Germany and Sweden, are thus also highly successful ‘competition states’. Economic competitiveness is not only central to their ability to balance export revenue

11 Cited in Neilson, ‘Bringing in the “Neoliberal Model of Development,”’ 98.

with import costs, it is also the underlying condition of their capacity to deliver decent work, high levels of employment, and comprehensive welfare-state institutions. The point not addressed by Boston is that Aotearoa New Zealand's contemporary welfare-state project is constrained by locational competition imperatives and struggles unleashed by the still-prevailing neoliberal project. From being about protecting nation-states and their citizens from the extremities of capitalism under the post-WWII Keynesian-led model of development, since the 1980s, the welfare-state project has been subordinated to the global competitiveness imperatives of capital. Taking the necessity of a prosperous national capitalism out of the welfare-state narrative also facilitates this book's voluntarism. Certainly, Aotearoa New Zealand's welfare state is today seriously underfunded and if it is to deliver on its core mission there must be substantial increases in funding across a wide number of its agencies. However, Boston does not engage with the underlying reality that the country's capacity to achieve its core mission is necessarily constrained by the extent of its economic success as a competition state.

Further, while Boston treats core social values as the key anchor of the dynamically adjusting political settlement, he does not examine what determines their changing form. In particular, he neglects to examine the political and ideological struggle around mid-range projects of capital accumulation. Key to establishing and embedding a model of capitalist economic development is winning the struggle to align hearts and minds to the model's associated worldview and corresponding norms. In the present conjuncture, those who wish to embed a progressive welfare philosophy in a new set of values must directly confront the still-prevailing neoliberal project, which has implanted in everyday common-sense both anti-democratic and anti-welfare values. Boston's project goes to the heart of the struggle to fight back against the neoliberal ideology and market-friendly regulation of successive New Zealand governments, on both Left and Right. However, it does not confront the deeply ideological nature of the present struggle to re-embed welfare-socialist values, or the need at the same time for the national project to be connected explicitly with

a transnational project to achieve a democratic-socialist alternative to the neoliberal model of development.¹²

Relatedly, Boston's project raises the vexed problem of the relationship between a progressive welfare-state constitution that is to be institutionally fixed for at least the lifetime of a model of development, and the changing responses of democratic social movements to a rapidly changing capitalist world, which are seen to anchor such a constitution. In Gramsci's Leninism, the problem can be understood in terms of the proletariat's 'contradictory consciousness', expressed as a tension between the worldview implicit in its everyday experience and its ideological subordination to the worldview of the prevailing capitalist hegemony.¹³ Anchoring the welfare state's progressive constitution in the sovereign will of the people thus confronts the ideological war of position. For the counter-hegemonic project of the democratic-socialist welfare state to win out requires a social movement that can ideologically renovate popular values.

Although written before Covid-19, the virus confirms the timeliness of Boston's intervention. However, it is imperative to consider the present challenges to implementing such a welfare state that have been created by the intersecting crises of neoliberal-led global capitalism, of which the most recent and the most dramatic is the pandemic.¹⁴ This 'tricky virus' brings attention to how this book avoids—except for some interesting discussion of the ecological challenge—consideration of the broader context within and beyond Aotearoa New Zealand that frames and constrains its welfare-state project. (Yet, from another angle, Boston's focus on Aotearoa New Zealand as if sealed off from this world of neoliberal-led global market competition speaks exactly to the dilemmas of the country's present situation!) As in the past and the present, the potential of Aotearoa New Zealand's welfare state is underpinned by its accumulation regime. Contrary

12 David Neilson, 'Reversing the Catastrophe of Neoliberal-Led Global Capitalism in the Time of Coronavirus: Towards a Democratic Socialist Alternative,' *Capital & Class* (in press).

13 David Neilson, 'In-Itself For-Itself: Towards Second-Generation Neo-Marxist Class Theory,' *Capital & Class* 42, no. 2 (2018): 282.

14 David Neilson, 'Reversing the Catastrophe.'

to the post-WWII Keynesian-led model of development, the neoliberal model has undermined the country's self-sufficiency. Under neoliberal globalisation, national economic viability is dependent on a country's capacity to fit within the competitive terms of capitalism's global mode of accumulation. In a re-localising Covid-19 environment, contrastingly, practically realising the progressive potential of Aotearoa New Zealand's welfare state is fundamentally dependent on the construction of a vibrant local accumulation regime and mode of regulation that can sustainably and self-sufficiently meet the variety of people's core material needs, share available work, and deliver equitable wealth distribution and a guaranteed basic income.

This little book on a big subject is holistic and forward-looking, while also very detailed, representing an important contribution to the debate. Certainly, Boston avoids confronting the capitalist ground on which Aotearoa New Zealand's welfare state is presently dependent, and in looking to the future, does not consider an alternative economic grounding for a progressive welfare-state project. However, this absence does not invalidate Boston's focus. Rather, it invites the adding in of these missing dimensions. The progressive transformation of this country's welfare state needs be connected with the project to transform the neoliberal-led world of global capitalism in a way that can facilitate the capacity of all countries to build local political economies that can ground progressive welfare-state agendas.