

ePub^{WU} Institutional Repository

Sabine Frerichs

From Social Rights to Economic Incentives? The Moral (Re)construction of Welfare Capitalism

Book Section (Accepted for Publication)
(Refereed)

Original Citation:

Frerichs, Sabine (2017) From Social Rights to Economic Incentives? The Moral (Re)construction of Welfare Capitalism. In: *Social Rights in the Welfare State: Origins and Transformations*. Routledge, London. pp. 137-156. ISBN 9781138693944

This version is available at: <http://epub.wu.ac.at/5718/>

Available in ePub^{WU}: August 2017

ePub^{WU}, the institutional repository of the WU Vienna University of Economics and Business, is provided by the University Library and the IT-Services. The aim is to enable open access to the scholarly output of the WU.

This document is the version accepted for publication and — in case of peer review — incorporates referee comments. There are differences in punctuation or other grammatical changes which do not affect the meaning.

From Social Rights to Economic Incentives? The Moral (Re)construction of Welfare Capitalism

Sabine Frerichs

This is the accepted manuscript of a book chapter published as:

Frerichs, Sabine, 2017: From Social Rights to Economic Incentives? The Moral (Re)construction of Welfare Capitalism. In: Kotkas, Toomas; Veitch, Kenneth (eds.): *Social Rights in the Welfare State: Origins and Transformations*. London: Routledge, pp. 137-156

The publication is available online at:
<http://www.tandfebooks.com/isbn/9781315524337>
DOI: 10.4324/9781315524337

Introduction

The notion of ‘welfare capitalism’ refers to a political-economic regime that integrates the functions of a capitalist market economy with the functions of a democratic welfare state. The term is commonly used by Esping-Andersen (1990) in *The Three Worlds of Welfare Capitalism*, but it is also linked to Marshall’s (1950, p.14) idea of three generations of rights, which all form part of modern citizenship: civil rights, political rights, and social rights. The question that this chapter seeks to address is how social rights, which Esping-Andersen and Marshall understood as the apex of the democratic welfare state, remain bound to the logic of the capitalist market economy. Employing the perspective of the economic sociology of law, it will be argued that the transformation of welfare capitalism over the last few decades has led to a reinterpretation of social rights in the light of economic incentives. To make this point, changes in the financial structure of the welfare state, both on its revenue and expenditure side, will be connected with changes in the moral discourse on citizens’ rights and duties, which is increasingly informed by economic arguments.

The chapter first outlines the analytical framework that connects the language of social rights with the concept of welfare capitalism. In the perspective of the economic sociology of law, scholarship

in comparative and critical political economy can be fruitfully integrated and related with the moral-economy approach, which is particularly suited to document a loss of entitlements, or accustomed social rights. The following analysis is divided into two parts. The chapter first turns to the revenue side of the welfare state and explores the moral economy of taxation, emphasising changes over time and across different welfare regimes. What we can, by and large, observe, is a move from ‘contribution tax’ to ‘exchange tax’, or a renegotiation between social rights and property rights. The chapter then proceeds to discuss the expenditure side of the welfare state and the moral economy of debt, again focusing on the overall patterns of development. Accordingly, we are not only witnessing a transition ‘from welfare to workfare’ but also ‘from welfare to debtfare’, which replaces unconditional social rights or welfare benefits with activation in the labour market and the credit market. The chapter concludes by interpreting the above developments in the light of the social contract, or social compromise, underlying welfare capitalism.

Analytical framework: The concept of welfare capitalism and the language of rights

The term ‘welfare capitalism’, as it will be used in this chapter, refers to a political-economic regime that integrates the functions of a capitalist market economy with the functions of a democratic welfare state. Pierson (2010, p.1519) speaks of a combination of “a market-based economy under (predominantly) private ownership with a system of welfare services and income transfers underwritten or delivered by the state”. Garland (2014, p.346) highlights the complementary but also contradictory nature of “privately-determined economic action” in the sphere of market capitalism and “publicly-determined social protection” in the sphere of the welfare state. This tension is inbuilt in the notion of welfare capitalism.

As a specific, historical concept, welfare capitalism refers to the institutional compromise between ‘capital’ and ‘labour’ in post-war (Western) political economies (cf. Pierson, 2010, p.1518-1519). The three decades after the Second World War are often dubbed the ‘golden age’ of the (national) welfare state. In this sense, the twentieth century witnessed not only the formation of the ‘classic’ welfare state but also the beginnings of its transformation. However, neither welfare capitalism nor the welfare state ceased to exist after this transformation – its “technologies of social insurance, social regulation and social provision” are still an essential part of modern government (Garland, 2014, p.336). As a generic concept, welfare capitalism may refer to any combination of capitalism and welfarism in the above sense, at different times and scales. This explicitly includes the

Europeanised regime of welfare capitalism of today, in which national and supranational economic and social policies closely interact (Hay and Wincott, 2012, p.132-133). Moreover, welfare capitalism can also be related to earlier forms of social organisation that had naturally integrated the ‘economic’ and the ‘social’, before the industrial revolution overturned the traditional social order and the ideology of *laissez faire* capitalism took hold in the nineteenth century (Garland, 2014, p.352-354; cf. Polanyi, 1957[1944]).

Thanks to *The Three Worlds of Welfare Capitalism* (Esping-Anderson, 1990), welfare capitalism has become a very common term in ‘comparative political economy’. Using this term, Esping-Anderson (ibid., p.1-2) aims to point out that his interest is not only in the welfare state in a narrow sense, which would mainly consist in “income transfers and social services”, but also in its broader role in the political economy, which includes “issues of employment, wages, and overall macro-economic steering”. However, the ensuing research programme on the different worlds of welfare capitalism, which aims to fit national welfare regimes into typologies (Ferragina and Seeleib-Kaiser, 2011), rarely revisits the original concept of welfare capitalism (Schelkle, 2012), and it certainly neglects the “government of the economy” as one of its core aspects (Garland, 2014, p.344-345).

If we want to learn about the transformation of welfare capitalism, the “mainstream welfare state literature” (Vis, 2007, p.106) has its clear limitations. Its analytical interest is in corroborating or questioning the distinction between ‘liberal’, ‘corporatist’, and ‘social-democratic’ welfare-state regimes (Esping-Anderson, 1990, p.26-27), as well as ‘familialistic’ ones (Guillén and Álvarez, 2001). The standard approach in comparative political economy is thus preoccupied with cross-national comparison and usually assumes divergent development paths. This is different in the neighbouring field of ‘critical political economy’, which is more concerned with capitalist development in a historical-comparative perspective (cf. Vis, 2007, p.106). At its core is regulation theory, an approach that is from the outset interested in the two complementary poles of capitalist social formations, which are evident in the concept of welfare capitalism: a specific ‘accumulation regime’ on the one hand (e.g., Fordism, Postfordism), and a respective ‘mode of regulation’ on the other (e.g., Keynesian welfare state, Schumpeterian workfare regime) (Jessop, 1993). Compared to the standard approach, the critical approach seems better suited to identify what ‘variegated’ national welfare regimes have in common, how they complement each other, and how they cope with the challenges and crises arising from the same global context of capitalist development (cf. Brenner et al., 2010).

For Esping-Andersen (1990, p.21), “the core idea of a welfare state” is social citizenship, a concept originally coined by Marshall. Marshall (1972, p.16) likewise engages with the notion of welfare capitalism, which he specifies as “democratic-welfare-capitalism”. This concept preserves Marshall’s (1950, p.14) famous idea of three generations of rights, which all form part of modern citizenship: civil rights emerged in the eighteenth century, political rights in the nineteenth, and social rights in the twentieth. In democratic welfare capitalism, the three constitutive elements, or generations of rights, are expected to be in a good balance. This is assumed to be the case “when a country with a *capitalist* market economy develops *democratic* political and civil institutions and practices out of which emerge a mixed economy including both private and public capitalism [...], together with that complex of public social services, insurances and assistances which [...] all the world knows as the *welfare* state”. (Marshall, 1972, p.18; original emphasis) In short: this is a capitalist market economy governed by a democratic welfare state.

In this chapter, social rights will be approached from a sociological point of view, as part of collaborative efforts to advance the ‘economic sociology of law’ (Swedberg, 2003; 2006; Frerichs, 2009; 2011; Ashiagbor et al., 2013). The subject matter of this field of study are the interrelations between law, economy, and society, and one of its core problems is the ‘constitution’ of modern capitalism, or the construction of the ‘market society’ of today by means of law and economics (Frerichs, 2012).

In the present chapter, the focus is on the moral construction, and reconstruction, of welfare capitalism in the language of social rights. The question to be addressed is how the structural transformations of the welfare state, which have taken place in the last forty years, translate into, or are legitimated by, semantic changes concerning the ‘subject of rights’. The different generations of rights merging in the concept of democratic welfare capitalism – ‘negative liberty rights’ (civil rights), ‘positive liberty rights’ (political rights), and ‘entitlement rights’ (social rights) – are connected with different ‘right-bearing subjects’ (McClure, 1995, p.168). These various subjects, or subjectivities, not only complement each other but may also conflict with each other, like the different components of welfare capitalism more generally.

Thus, there is always a trade-off between civil rights and social rights, that is, between rights to private property, personal security, and non-interference by others, “including government itself”, on the one hand, and “rights to public provision, guarantee, or support, in particular in the form of

claims to the public supply of specific goods, services, or income” on the other (ibid., p.167). Put differently, in the modern welfare state, the subject of property rights always has to compromise with the subject of social rights.

This chapter argues that the language of social rights increasingly gives way to the logic of economic incentives, which, strictly speaking, address a different subject: the market citizen. This argument will be substantiated by linking structural changes in the political economy of welfare capitalism with semantic changes in its moral economy. The moral-economy approach goes back to Thompson (1971; 1991, p.259-351), but it prefigures in Polanyi’s work (1957 [1944]; cf. Hann, 2010). Writing about bread riots in eighteenth century England, Thompson (1971, p.136) links “the breakthrough of the new political economy of the free market” to “the breakdown of the old moral economy of provision”. For him, the bread riots that broke out at the height of a food crisis were not simply “rebellions of the belly” but had to be understood in culturally more meaningful terms: as a defence of “traditional rights or customs” (ibid., p.77-78). This included the “deeply-felt conviction that prices *ought*, in times of dearth, to be regulated” (ibid., p.112; original emphasis).

However, the concept of the moral economy does not have to be limited to a traditional social order that somehow balanced the ‘economic’ with the ‘social’ – a socially embedded economy in Polanyi’s words (1957 [1944], p.57); it can also be applied to the modern welfare state, which put an end to the reign of *laissez faire* capitalism: “Much of the history of social struggle from, say, 1830 to 1950 could, in fact, be written as the attempt to create, in place of the wreckage of local moral-economies, an analogous ‘moral-economy state’ to provide national social insurance along comparable lines – no longer seen as a matter of local reciprocity but as right of citizenship.” (Scott, 2005, p.397) In this chapter, the concept of the moral economy is used to refer to the semantic side of welfare capitalism, including the classic concept of social citizenship as well as its transformations, which amount to a loss of entitlements.

Who pays? The revenue side of the welfare state and the moral economy of taxation

Welfare state research following the standard paradigm is preoccupied with public social spending. Indeed, this is the biggest budget item on the expenditure side of advanced political economies today (cf. Martin et al., 2009, p.26). Obviously, this has not always been the case. It was only in the twentieth century that social spending became a bigger budget item than military spending and that

the “transition from the warfare state to the welfare state” was made (ibid., p.11). However, as to the revenue side, both warfare and welfare state were and are premised on the tax state: the extraction of taxes from ‘capital’ (i.e., first of all, corporate taxes; one could add property taxes and taxes on personal capital income) and ‘labour’ (i.e., taxes on labour income, including social security contributions; one could add consumption taxes, which likewise target households). In terms of “the sheer volume of cash transferred between state and society”, taxation is a much bigger item than social transfers, and it likewise has redistributive implications (ibid., p.26). Hence, in contemporary welfare regimes, the revenue side, or “Who pays?”, matters as much as the expenditure side, or “Who gets what from government?” (Howard, 2009, p.87).

The functions of the tax state, as it developed in the twentieth century, reflect the constitutive elements of democratic welfare capitalism, which are materialised in the three generations of rights. Ideal-typically, the liberal tax state of the nineteenth century combines a low level of taxation with a low level of intervention. The financial function of taxes is complemented by a restrictive political function. The famous slogan of ‘no taxation without representation’ suggests that even the ‘minimal tax state’ cannot do without public consent, that is, parliamentary control. The budgetary powers of parliament took shape in the form of the principles of “annualisation (the duration of authorization and execution is one year), unity (a single document for the whole budget), universality (no allocation or compensation between revenue and expenditure), and speciality (giving the detail of expenditure)” (Leroy, 2011, p.142-143).

In contrast, the interventionist tax state of the twentieth century ideal-typically combines a high level of revenues with a high level of expenditure. With liberal democracies turning into welfare democracies, or ‘fiscal democracies’ (Genschel and Schwarz, 2013), the political mandate of the tax state has become much broader, and the range of tax functions has increased. The interventionist tax state is committed to macro-economic steering, income redistribution, the protection of particular social groups, the promotion of specific economic sectors, regional development and, increasingly, environmental protection (Leroy, 2011, p.308).

It is characteristic of the modern welfare state that solidarity is formally organised, typically on the national level, and that social obligation is translated into legal obligation, which includes, first and foremost, the obligation to pay taxes. Against this backdrop, it can be rightfully claimed that “[i]n the modern world, taxation *is* the social contract” (Martin et al., 2009, p.1; original emphasis). Leroy (2011, p.319) speaks of a “socio-financial democratic contract” which establishes a link

“between mass taxation and social rights”. Since social contractarian perspectives of the state are popular across the social sciences, the question is what a sociological interpretation of the fiscal contract offers that other approaches – namely legal and economic ones – do not (ibid., p.105-107; Campbell, 2009b, p.258).

To illustrate, it seems useful to start from a legalistic view of taxes as a one-sided financial obligation to the state: “the obligation to contribute money or goods to the state in exchange for nothing in particular” (Martin et al., 2009, p.3). While legal scholarship is more concerned with the ‘normative validity’ of the legal order, sociologists as well as economists, are more interested in its ‘empirical validity’, that is, how it actually shapes human conduct (Weber, 1978 [1922], p.312). However, whereas economists usually assume self-interested behaviour, which suggests that people observe the law only if compliance is less costly than non-compliance, sociologists are more interested in norm-oriented behaviour, such as that people observe the law because they consider it legitimate (cf. ibid., p.36). The moral economy of taxation becomes visible in the motives of tax compliance or tax evasion.

Leroy (2011, p.271-274) distinguishes between the ‘sociological figures’ of ‘obligation tax’, ‘exchange tax’ and ‘contribution tax’, which capture different interpretations of the fiscal contract. If taxation is understood as ‘obligation tax’ and complied with for the law’s sake, the ground of legitimacy is legality, or the procedural rationality of the law. More interesting are the two other, more substantive interpretations: one is more economic, focusing on personal benefits, the other is more political, focusing on the common good. As soon as there is an expectation to get something in return – be it in the form of “personal goods” or “public goods” (Mathew, 2010, p.238), the interpretation of the fiscal contract is that of an ‘exchange tax’. This is an economic concept of taxation, according to which taxes are the “[p]rice paid by the taxpayer for the benefit (services) which he receives from society” (Leroy, 2011, p.271). In contrast, the ‘contribution tax’ stands for a socio-political concept of taxation, according to which taxes are a legitimate contribution to the financing of regulatory and redistributive welfare policies, which may enjoy wide support even among taxpayers who do not immediately benefit (ibid., p.278). Whereas in the economic conception, the fiscal contract is mainly understood in utilitarian terms, in the socio-political conception, it is interpreted in more solidaristic terms.

Different tax regimes can be compared in terms of their revenue levels and revenue structure. Our interest here is not only in cross-national comparison but also in historical comparison: how tax

regimes have developed over time, with a focus on the last four decades and the international context. In the OECD countries, the average tax revenue level is about one third of the national output (OECD, 2014). If we compare the US and Sweden, which can be regarded as ‘prototypes’ of the liberal and the social-democratic welfare regime respectively, it shows that the revenue level in the US was much lower and remained relatively stable over the whole period, whereas the revenue level in Sweden was much higher, increased until the late 1980s but decreased thereafter. At its peak, the Swedish tax revenue level was almost at fifty per cent and almost twice as high as in the US. The revenue levels of corporatist welfare regimes developed between these poles. It has been argued that the gap between the revenue levels in the US and European countries would diminish by a few percentage points if the “‘hidden welfare state’ of tax expenditures” was considered (Howard, 2009, p.89). However, this typically benefits higher income classes more than lower ones.

The revenue structure is determined by the combination of taxes and similar revenue sources, including personal income taxes, social security contributions, consumption taxes, corporate taxes, and property taxes. In the OECD countries, the biggest revenue source is ‘labour’, with personal income taxes and social security contributions adding up to more than fifty per cent of total taxation; consumption comes second with more than thirty per cent, and ‘capital’ comes only third (OECD, 2014). In fact, corporate taxes are “not a major revenue raiser in OECD countries” today (Genschel and Schwarz, 2013, p.71). Their share as a revenue source has not increased, even though “the share of corporate income [...] in national income has risen continuously since the 1980s” (ibid., p.70).

Comparing the different tax regimes, it may be surprising that the US, for a good part of the twentieth century, “taxed capital at higher rates, and labor and consumption at lower rates, than the welfare states of Europe, including egalitarian outposts like France and Sweden” (Martin et al., 2009, p.15). In fact, the American welfare state is centred on progressive income taxation, which is a highly ‘visible’ tax, whereas in Europe indirect consumption taxes play a greater role. These have been essential to keep revenue levels high in times of increasing tax competition from the 1980s onwards. Another response by the Nordic countries was to introduce a dual income tax system with ‘flat rates’ for mobile capital income and higher, progressive rates for less mobile labour income (Christensen, 2013, p.14).

Overall, international tax competition is most effective in corporate taxation and certainly relevant also in capital income taxation, while it plays a more limited and more selective role in the taxation

of labour income and consumption (Genschel and Schwarz, 2011, p.351 and 358). In other words, ‘tax base mobility’ affects savings and investment patterns and the distribution of profits in multinational firms more than employment and consumption patterns (ibid., p.347-351). The result of this structural asymmetry is a redistribution of tax burden “from mobile to immobile tax bases” and “from capital to labour and consumption” (Genschel and Schwarz, 2013, p.73). From the perspective of fiscal democracy, this is problematic to the extent that such ‘regressive’ effects on the revenue side of the welfare state are not compensated by ‘progressive’ effects on the expenditure side.

In the European context, a period of ‘integration through tax harmonisation’ until the late 1970s was replaced with ‘integration through the removal of tax obstacles’ from the 1980s onwards (Menéndez, 2015). Hence, the Europeanisation of taxes came to be furthered by means of negative integration, that is, by making national tax systems compatible with the principle of free movement, instead of positive integration, that is, by unifying national tax laws. This shift is in line with the overall pattern of development – of increased tax base mobility and tax competition – that turned the ‘social and democratic tax state’, which is synonymous with the classic welfare state, into a ‘market enabling tax state’ (ibid., p.15 and p.40).

Since the standard economic model of utility maximisation seems insufficient to explain actual levels of tax compliance, scholars have come to resort to the concept of ‘tax morale’. If this is defined as the “intrinsic motivation to pay taxes which arises from the moral obligation to pay taxes as a contribution to society” (Doerrenberg and Peichl, 2013, p.294), it can be equated with Leroy’s socio-political understanding of taxation as ‘contribution tax’. Interestingly, cross-national studies based on the World Value Survey see the US highest in tax morale (Alm and Torgler, 2006, p.239). However, in this case, tax morale is operationalised by the question item whether “[c]heating on tax if you have the chance is [1=never ... 10=always] justified”, which is less specific and does not necessarily mean that the US would also score highest in terms of the ‘contribution tax’ (ibid., p.229). Drawing on the moral-economy approach, we will use a different indicator to explore changes in the public perception of taxes in the last four decades: anti-tax protests.

Arguably, the moral economy of taxation may find expression in tax revolts as much as the moral economy of debt finds expression in debt riots (cf. Graeber, 2011, p.8). What is at stake, in both cases, is the defence of accustomed rights, or vested interests. One of the foundational claims of liberal democracies, which favourably combines civil and political rights, is ‘no taxation without

representation'. This slogan was coined 250 years ago, when American Colonies stood up against the British Crown in what was one of the most famous tax revolts in history (cf. Ross, 2004, p.231-32). Among the unwanted taxation measures that got the ball rolling was the Sugar Act of 1764, which foresaw strict enforcement of customs duties on foreign sugar imports: a protectionist measure that harmed trade and production, and therefore caused protest in the colonies, which had relied on cheap sugar imports from outside the British Empire before.

Welfare democracies differ from liberal democracies in that social rights come into play, in addition to civil and political rights. If we focus on the trade-off between civil rights and social rights, the fiscal contract links citizens as taxpayers to citizens as welfare recipients. In principle, these are not distinct groups of people, but only different aspects of citizenship. However, in concrete circumstances, taxpayers may mobilise against welfare recipients in the hope of reinforcing or restoring property rights against social rights. Indeed, tax policy has an immediate impact on property rights: "It determines the degree to which states take profits from firms and earnings from individuals, thus impinging directly on rights of private property ownership and appropriation. It also affects the investment strategies of firms and individuals and, as a result, how they use their property." (Campbell, 2009b, p.258) From a 'libertarian' point of view, taxation literally means the 'confiscation' of private property. Under this premise, the development from the minimal to the interventionist tax state in the twentieth century appears as an outgrowth of "state-supportive ideologies for stabilizing and increasing their exploitative grip on a population" (Hoppe, 2006 [1990], p.64).

Such rhetoric forms part of the neo-liberal anti-tax discourse that started in the 1970s and allowed Ronald Reagan and Margaret Thatcher to come to power (Campbell, 2009b, p.259-60). Even though the American welfare state is built on 'visible' income taxes, taxation was not much politicized in the US before the 1970s, when "elected officials began discussing taxes publicly at much greater rates, and the issue of taxes became more prominent in the public mind" (Campbell, 2009a, p.49). This anti-tax rhetoric successfully mobilised conservative voters, which allowed president Reagan and his successor in office, George H. W. Bush, to enact a number of tax reforms in the 1980s and 1990s (ibid., p.62). There is even talk about a 'permanent tax revolt' in the US, which shaped politics from the 1970s onwards (Martin, 2008). In the UK the precise notion of a tax revolt is less connected with the neo-liberal anti-tax movement that helped to bring Thatcher into power, than with the respective counter-movement that helped to take her down. When a poll tax

for local services was introduced in 1989/90, which everyone had to contribute to at the same rate, this sparked real riots in the streets – not just rhetorical ones (Bagguley, 1996).

The anti-tax movement was not limited to the Anglo-Saxon countries; it also took hold in the Nordic countries where respective tax reforms were undertaken in Denmark in 1987, Iceland in 1988, Sweden in 1991, Norway in 1992 and Finland in 1993 (Christensen, 2013, p.14). In symbolic terms, the ‘Danish tax revolt’ of the early 1970s stands out. This was led by Mogens Glistrup, a tax lawyer who helped companies to avoid income taxes, publicly announced that he did not pay any income tax himself, and later founded a party that aimed to abolish income tax (Christiansen 1984, p.22). In the Swedish case, tax reforms were a response to the ‘traumatic’ experience of a protracted fiscal crisis between the late 1970s and early 1990s (Streeck, 2015, p.23; including fn. 28). In 1991, a conservative government came to power and “cut marginal tax rates on personal and capital income and closed many tax loopholes” (Campbell, 2009b, p.259). However, the new taxation policy remained contested and the social democrats returned to power only three years later.

The watchword for the contemporary tax state is ‘optimal taxation’. The neo-liberal message is that ‘less is more’: that cutting tax rates may actually yield more tax revenues. This reasoning is illustrated by the Laffer Curve, which describes two counteracting effects (Laffer, 2004): on the one hand rising tax rates mean rising revenues; on the other hand, they also decrease the ‘incentive’ to engage in the taxed activities, which ultimately reduces revenues. Popularisation of the Laffer Curve helped to sell ‘supply-side’ economics and shape public opinion in favour of tax reductions. At the same time, the model is far too simple to explain actual tax behaviour in complex and dynamic fiscal regimes, and neglects its non-economic dimensions (Mathew, 2010, p.48-49 and p.59).

Not only are the recent tax reforms inspired by the economics of taxation, but economic discourse has also shaped the moral economy of the taxpayers and undermined the socio-political concept of taxation. Among the “anti-tax commonplaces” shaping the new, economic morality are the following: taxpayers have a rational aversion to taxes; present tax rates are too high, hinder economic growth and further tax evasion; globalisation requires governments to reduce taxes and cut expenditure (Leroy, 2011, p.181). Moreover, tax advantages that originally served social purposes are now regarded as “‘irrational’ or ‘distortionary’”, which means that taxes are increasingly stripped of their regulatory and redistributive function (Mathew, 2010, p.71). In short, the ‘exchange tax’ crowds out the ‘contribution tax’.

A neo-liberal tax morale leaves less room for unconditional social rights. Economically minded taxpayers are not content to contribute to the common good or to redistribute market income unconditionally, but they want to get something in return. This is not necessarily a concrete good or service, but it can also be a commitment by the welfare recipients to do something in return, such as improving their ‘employability’ in order to no longer depend on welfare. In the neo-liberal mindset, taxpayers eventually picture at the other end of the fiscal contract beneficiaries who likewise respond to economic incentives. This is reflected in the expectation that “welfare recipients should seek to become active and responsible managers of their lives and seek to enhance their economic independence” (Jayasuriya, 2002, p.310). In this sense, the economic morality of taxation also informs the morality of “the new welfare contract”, which places certain behavioural conditions on the recipients of social benefits (ibid., p.311, reference omitted).

Who owes? The expenditure side of the welfare state and the moral economy of debt

The restrictions on the revenue side of the welfare state also affect the expenditure side, or the question of who gets – or loses – what. Tax state and welfare state, as they developed in the twentieth century, are two sides of the same coin. However, this budgetary point of view neglects the regulatory function of the welfare state, which likewise engages in economic governance, that is, the active management of the economy. This function cuts across various policy fields, including “[f]iscal and monetary policies; labor law and labor market policies; corporatist agreements between management, labor and government; prices and incomes policies; farming and food subsidies” (Garland, 2014, p.344). While the objectives of governing the economy may have changed, the basic ‘technology’ – the “specific set of rationalities and techniques [...] employed to govern the nation’s economy and its population in the interest of economic growth and social security” (ibid., p.335) – has survived the transformation of welfare capitalism. At the same time, we can witness a reorientation in the principles and practices of economic governance, which does have implications for accustomed social rights, both of a material and a moral nature.

A major theme in recent social policy research has been the change of emphasis ‘from welfare to workfare’, which aims at the ‘activation’ of welfare recipients in the labour market. As an analytical category, the distinction between ‘(Keynesian) welfare state’ and ‘(Schumpeterian) workfare state’ originates from critical political economy (Jessop, 1993), but it has also become a common

reference in the comparative analysis of the different worlds of welfare capitalism (Vis, 2007). Whereas the standard paradigm in welfare state research was, in line with Esping-Anderson's approach, mainly concerned with the "old, passive politics of the welfare state", that is, social insurance (or income maintenance) programmes covering the risk of lost earnings due to unemployment, sickness, or old age, the "new, active politics of the welfare state" focuses, first of all, on the prevention and containment of employment-related risks (Powell and Barrientos, 2004, p.87). More specifically, 'active labour market policies' seek to "improve the access by the inactive or unemployed to the labour market, investment in skills, and generally the functioning of the labour market" (ibid., p.88). Against this backdrop, some scholars have come to speak of a 'social investment state', which likewise furthers "active employment and social participation – especially in the labour market" (van Kersbergen and Hemerijck, 2012, p.476). This notion draws on the economic rationale behind the reforms of the welfare state, which is to "ensur[e] that the returns to social expenditures are maximised" (ibid.). While this includes 'negative' measures of welfare retrenchment regarding benefit levels or benefit duration, eligibility criteria or coverage of benefits (ibid., p.479); the concept of social investment can also be understood in more 'positive' terms. The idea is not simply to cut public social spending but to target it differently in order to produce better results.

Our aim here is not to analyse how the different worlds of welfare capitalism perform under the new premises of labour market activation and social investment (cf. Powell and Barrientos, 2004; van Kersbergen and Hemerijck, 2012), but to explore a related transformation of the welfare state, which has been described as a turn 'from welfare to debtfare'. This requires dealing with the other attributes of the old welfare state and the new workfare state, which relate to their respective forms of economic governance. When Jessop (1993) contrasted the classic 'Keynesian welfare state' with the emerging 'Schumpeterian workfare state', the references to Keynes and Schumpeter captured alternative ways to govern the economy. In the case of the Keynesian welfare state macro-economic steering was meant "to promote full employment in a relatively closed national economy primarily through demand-side management"; in the case of the Schumpeterian workfare state the aim of economic governance is "to promote product, process, organizational, and market innovation and enhance the structural competitiveness of open economies mainly through supply-side intervention" (ibid., p.9; Jessop and Sum 2006, p.107 and p.109). Using Keynes and Schumpeter as 'emblematic' figures has richer connotations than the mere distinction between a 'demand-side welfare state' governing a relatively closed national economy and a 'supply-side welfare state' adjusting to more open or integrated economies (Jessop 1993, p.17). However, this latter distinction suffices to

illuminate the political-economic context of both the turn from welfare to workfare and the turn from welfare to debtfare. The ‘supply-side welfare state’ namely uses “individual (dis)incentives” as a lever for economic governance, which means that social provision becomes more market-based or, at least, more “market-compatible” (Obinger and Starke, 2014, p.19).

The ‘debtfare state’ is, just as the workfare state, all about market activation: “it similarly acts to reinforce the work ethic whilst increasing market dependency and discipline” (Soederberg, 2013, p.499). However, in this case activation – the transformation of social rights into economic incentives – is less targeted at the labour market than at the credit market. To understand the link between the two, we have to go back to the ‘crisis of the tax state’. This was already debated in the early twentieth century (Leroy, 2011, p.52-57), but it gained new topicality towards the end of the golden era of the welfare state (Streeck, 2015, p.1-3). What one could observe in the OECD countries from the mid-1970s onwards was “steeply and steadily” rising public debt, which can be seen as the result of “an enduring inadequacy of government revenue compared to government spending” (ibid., p.2). As Streeck suggests, this was indeed a crisis of the tax state and not of the welfare state, which was “caused less by an increase in citizen entitlements than by a general decline in the taxability of democratic-capitalist societies” (ibid., p.4). The mismatch between government revenue and government spending turned the tax state into a ‘debt state’ (ibid., p.3): public debt became an ever greater source of revenue, for which not only present but future taxpayers would be liable. If the decline in taxability of capital and labour in increasingly integrated and competing political economies was a cause, or at least a background condition, of the fiscal crisis, the latter had to be solved “not by raising revenue but by cutting expenditure”, that is, by a politics of austerity (ibid., p.10).

This is the essence of the ‘consolidation state’ of today, which is, according to Streeck, committed to a different, transnational constituency than the classic national welfare state: not to the ‘people of the state’ (*Staatsvolk*), that is, domestic citizens with their civil, political, and social rights, but to the ‘people of the market’ (*Marktvolk*), that is, international creditors and investors with their respective claims, interests, and expectations (ibid., p.11-12). In the consolidation state, “*commercial market obligations take precedence over its political citizenship obligations*” (ibid., p.12; original emphasis). Put differently, we can, again, speak of a trade-off between different subjects of rights: members of a national polity and participants in transnational markets. As above, this is not necessarily about different groups of people, but about different aspects of citizenship, broadly understood, which ‘constitute’ both welfare states and financial markets. The reorientation

from domestic citizens to market citizens naturally entails a loss of entitlements for the former. If we leave the rights of voters – the hollowing-out of democracy through market imperatives – aside, it is not difficult to specify the resulting conflict, again, as one between social rights and property rights, which means, in this case, the rights of (domestic) welfare recipients on the one hand and of (transnational) creditors and investors on the other. While this may eventually set one group against the other, the conflict can also be ‘solved’ by turning welfare recipients into creditors and investors, or social citizenship into ‘financial citizenship’ (cf. Kear, 2013).

This constellation is furthered by changes in the economic governance function of the welfare state, namely, a shift from Keynesianism to ‘privatised Keynesianism’ (Crouch, 2009). Whereas Keynesianism had its heyday in the 1960s and 1970s, that is, in the golden era of the welfare state, ‘privatised Keynesianism’ set off from the “neo-liberal turn” in the 1980s (ibid., p.382). In critical political economy, Keynesianism is conceived as a ‘mode of regulation’ which complements the Fordist ‘accumulation regime’ (cf. ibid., p.387-88). ‘Fordism’ stands for a technically and economically highly rationalised model of mass production, which also furthers mass consumption. Specialised work and standardised products increase economic efficiency, which leads to lower prices and rising wages, and ultimately results in higher effective demand. The demand-side is also key in Keynesian macro-economic steering, which utilises public spending as a lever to stimulate the economy in a downturn and to stabilise it throughout the business cycle. Combining the interests of capital and labour – the capitalists’ interests in “stable mass consumption” and the workers’ interests in “stable lives” – the Keynesian welfare state has become the epitome of democratic welfare capitalism (ibid., p.389-90).

Turning to ‘privatised Keynesianism’, this is less a political programme than an analytical concept that aims to capture the transformation of welfare capitalism in neo-liberal times. While keeping the focus on aggregate demand, it is fully compatible with a ‘supply-side’ focus on individual incentives. What the concept aims to highlight is that private debt seems to have replaced public debt, at least to a certain extent, in keeping aggregate demand high and the economy running. At the same time, the transmission mechanism that channels this debt-financed demand into the economy changes from ‘fiscal’ citizens, that is, taxpayers and the recipients of social benefits, to ‘financial’ citizens, that is, creditors, debtors and investors, including ‘consumers of financial services’. In other words, the relative retreat of the state from macro-economic steering is compensated by a simultaneous expansion of financial markets. This includes the growth of “credit markets for poor and middle-income people” as well as of “derivatives and futures markets among the very wealthy”,

which both help to sustain aggregate demand (ibid., p.390). Quite obviously, privatised Keynesianism accentuates the property rights and the respective obligations of market participants, whereas ‘public’ Keynesianism worked, not least, through welfare benefits as a ‘material’ expression of social rights.

The ‘Keynesian welfare national state’ (Jessop and Sum, 2006, p.106), which flourished in the postwar decades, was premised on the international monetary system of Bretton Woods, which provided for currency exchange stability but also preserved national monetary autonomy. Moreover, the different strategies that western political economies pursued to further economic growth and democratic stability – or to combine ‘flexibility’ with ‘security’ (Crouch, 2012) – were premised on specific patterns of international exchange between export-led and demand-driven national economies. Keynesian demand management in “the Scandinavian countries, the UK, Austria and, to a lesser extent, the USA” thus increased not only domestic demand but it also had “important international effects”: countries high in consumer demand imported the products of more export-oriented nations (Crouch, 2009, p.386).

Due to its affinity with the Anglo-Saxon world, privatised Keynesianism has also been referred to as the “‘Anglo-liberal’ growth model” (Hay, 2011, p.4). In the European context, this growth model is exemplified by the UK and Ireland, but “elements of it can also be detected in a number of southern and east-central European cases (such as Spain and Hungary respectively)” (Hay and Wincott, 2012, p.201). The driving force of Keynesianism are “confident consumers” (Crouch, 2012, p.6). In its ‘privatised’ form, it eventually came to rely on what has been referred to as “consumer credit capitalism” (Ramsay, 2007, p.248). While this first developed in the United States, which witnessed a huge expansion of consumer credit after the Second World War, including home mortgages, car loans, and credit card debt, consumer credit capitalism also took root in European countries from the 1980s onwards. At the same time, export-led and demand-driven economies were increasingly interconnected not only through international trade but also through financial integration and ‘financialisation’, both within Europe and across the Atlantic. In this sense, the recent financial crisis – which started as a US subprime mortgage crisis and ended as an EU sovereign debt crisis – is also an effect of the “collapse of privatised Keynesianism” (Bellofiore, 2013, p.506).

The ‘crisis of financialisation’, as it has also been dubbed (Lapavitsas, 2013), was triggered by an underestimation of the ‘securitised’ risk of debt default in a clientele whose creditworthiness was

doubtful to begin with. At the same time, the neo-liberal overhaul of welfare capitalism, which found expression in “stagnant real wages and salaries, the commodification of public goods and services, the growing prevalence of low-wage jobs in the service sectors, and the turn to workfare from welfare” (Soederberg, 2013, p.498), made this ‘subprime’ clientele susceptible to disputable credit offers by lenders whose main profit was in packaging and trading risks. Even though there is no necessary link between the expansion of consumer credit and the retrenchment of the welfare state, more recent developments suggest that creditors in the US and elsewhere increasingly targeted consumers with little or no income or assets, that is, “the working poor and unemployed and under-employed workers” (ibid.).

As much as the workfare state wants potential or previous welfare clients to be active in the labour market, the debtfare state wants them to be active in the credit market. This has euphemistically been referred to as ‘financial inclusion’ or even as ‘democratisation of finance’ (Erturk et al., 2007). What is meant is increased access to financial markets and services for individuals and households of moderate income. Often enough the result is over-indebtedness: not-so-sophisticated consumers may not only be exploited by not-so-responsible creditors, who want them to “take on the greatest amount of debt at the highest interest rates and fees possible to extract ever higher rates of revenue streams” (Soederberg, 2013, p.495); they may also be exposed to incalculable market risks, such as the bursting of real-estate bubbles, which undermines the affordability of mortgage lending. In this sense, financial inclusion may eventually lead to an over-inclusion of consumers in the logic of international finance (Micklitz, 2013).

The normative quality of debt relations is evident in the distribution of rights, risks, and responsibilities between creditors and debtors. Throughout history, debtors have defended their rights and livelihoods in debt riots. The moral economy of debt developed between the poles of creditor and debtor protection (Graeber, 2011). Whereas modern capitalism generally emphasises the rights of owners and creditors, it seems that the protection of debtors has taken an upturn through the normalisation of consumer bankruptcy in recent decades. The ideological benchmark in consumer bankruptcy legislation is the ‘fresh start’ policy of the United States, which means, in practice, that consumers who declare bankruptcy can, after a relatively short waiting period, start anew, with all their commercial debt – that is, debt incurred in the market – being cancelled. In other words, they can return to the credit market ‘with a clean slate’. The American fresh start paradigm differs from the classic approach in continental Europe, where “the idea of economic rehabilitation was not tied to the goal of a quick economic recovery and re-entry to the credit

market” (Niemi-Kiesiläinen, 1999, p.482). This changed with the transformation of welfare capitalism and the proliferation of consumer credit capitalism, which had the effect that “European countries have moved gingerly towards a modified ‘fresh start’ policy’ in recent decades” (Ramsay, 1997, p.269).

It should be evident from the above that an increase in debtor protection through a more generous bankruptcy law does not necessarily mean an improvement in the position of ordinary citizens if it is coupled with a loss of welfare entitlements; in short, if ‘social citizenship’ is turned into ‘financial citizenship’. To the extent that public debt is replaced with private debt, the social contract between taxpayers and welfare recipients is superseded by private contracts between creditors and debtors. In this sense, the new “emphasis on ‘consumer protection’”, here the protection of consumer debtors, “is part and parcel of a move away from collective and rights-based worker protections towards individualized, market-driven forms of citizenship” (Soederberg, 2013, p.500). Indeed, the fresh start policy follows an economic rationale: for consumers the debt discharge is an incentive to work and borrow, and to continue doing so despite problems with accumulating debt; for lenders it is an incentive to monitor the creditworthiness of ‘boundedly rational’ consumers. Overall, the fresh start policy furthers an ‘internalisation’ of a potential debt discharge in the price of credit, which means that the costs “are borne by the credit system (i.e., all consumers of credit) rather than the state welfare system” (Ramsay, 1997, p.275). This is a market-based form of insurance, which is fully in line with the principles of the ‘supply-side welfare state’.

It goes without saying that not all welfare recipients turn into consumer debtors in ‘financialised’ welfare capitalism; social citizenship and financial citizenship continue developing side-by-side. However, recent developments at the ‘welfarist’ core and the ‘consumerist’ margins of the inventory of social rights seem to point in the same direction. One could even claim that the privatisation of the social contract in the context of debtfare is the ‘contractualisation of social policies’ in the context of workfare (Bonvin and Rosenstein, 2015) taken to its logical conclusion. In fact, the new “welfare contractualism” (Jarasuriya, 2002, p.311) between state and citizens likewise follows the model of private contracts, even though they may not be enforceable as such (Vincent-Jones, 2000, p.332 and p.345). Again, the common denominator is a morality that incentivises individual economic actors (Jayasuriya, 2002, p.312) rather than, say, empowering disadvantaged social groups, which has been one of the aspirations of the democratic welfare state.

Conclusion

This chapter has dealt with the question of how the transformations of the welfare state affect the material and moral substance of social rights. Building on Marshall's three generations of rights, it has been argued that the combination, or even integration, of functions of the capitalist market economy and the democratic welfare state, which is characteristic of modern welfare capitalism, brings about different subjects of rights, which complement each other but which also remain in conflict. The social contract underlying welfare capitalism is ultimately a contract between different right-bearing subjects, which may be, and has been, renegotiated over time. More specifically, the historical compromise between capital and labour rested on a balance struck between the subject of property rights and the subject of social rights. This balance is at issue again in the moral reconstruction of welfare capitalism. What we can observe in the last few decades is that social rights are increasingly connected with, made contingent on, or even replaced by economic incentives in what has become a 'supply-side welfare state'.

This chapter has illustrated the structural and semantic changes affecting social citizenship both on the revenue side and the expenditure side of the welfare state. On the revenue side, we observed a structural shift redistributing tax burdens between mobile and immobile taxpayers, at the expense of the latter, and a semantic shift from 'contribution tax' to 'exchange tax', which accentuated property rights. The question 'who pays?' can be answered, in the abstract, with the subject of social rights. A loss of commitment by taxpayers, especially those representing 'capital', translates into a loss of entitlements for potential welfare recipients, whose interests are generally aligned with 'labour'. On the expenditure side of the welfare state, we witnessed a structural shift towards austerity and activation, which generally meant reducing welfare benefits and making them more conditional, and a semantic shift from 'social citizenship' to 'financial citizenship', which put emphasis on creditor-debtor relations. Turning the question 'who benefits?' into the negative, it can be shown that there has likewise been a loss of entitlements for holders of accustomed social rights. Under conditions not only of 'workfare' but also of 'debtfare' this means that welfare recipients may eventually turn into consumer debtors. Whereas welfare recipients symbolically owe to taxpayers residing in the same polity, consumer debtors literally owe to creditors in transnational financial markets. The new morality of economic incentives may thus materialise in very concrete economic obligations. With property rights being reinvigorated, the social contract gains features of a private contract between those who own and those who owe.

References

- Alm, J. & Torgler, B. (2006) Culture Differences and Tax Morale in the United States and in Europe. *Journal of Economic Psychology*. 2006 (2). p. 224-246.
- Ashiagbor, D., Kotiswaran, P. & Perry-Kessaris, A. (eds.) (2013) Special Issue: Towards an Economic Sociology of Law. *Journal of Law and Society*. 40 (1).
- Bagguley, P. (1996) The Moral Economy of Anti-Poll Tax Protest. In Barker, C. & Kennedy, P. T. (eds.) *To Make Another World: Studies in Protest and Collective Action*. Aldershot: Avebury, p. 7-24.
- Bellofiore, R. (2013) 'Two Or Three Things I Know About Her': Europe in the Global Crisis and Heterodox Economics. *Cambridge Journal of Economics*. 37 (3). p. 497-512.
- Bonvin, J.-M. & Rosenstein, E. (2015) Contractualising Social Policies: A Way Towards More Active Social Citizenship and Enhanced Capabilities? In Rune, E., Kildal, N. & Nilssen, E. (eds.) *New Contractualism in European Welfare State Policies*. Abingdon: Routledge, p. 47-72.
- Brenner, N., Peck, J. & Theodore, N. (2010) Variegated Neoliberalization: Geographies, Modalities, Pathways. *Global Networks*. 10 (2). p. 182-222.
- Campbell, A. L. (2009a) What Americans Think of Taxes. In Martin, I. W., Mehrotra, A. K. & Prasad, M. (eds.) *The New Fiscal Sociology: Taxation in Comparative and Historical Perspective*. Cambridge: Cambridge University Press, p. 48-67.
- Campbell, J. L. (2009b) Epilogue: A Renaissance for Fiscal Sociology? In Martin, I. W., Mehrotra, A. K. & Prasad, M. (eds.) *The New Fiscal Sociology: Taxation in Comparative and Historical Perspective*. Cambridge: Cambridge University Press, p. 256-265.
- Christensen, J. (2013) Nordisk skattepolitikk mot 2030 (NordMod 2030, delnotat 1). Forskningsstiftelsen Fafo, Fafo-notat 2013:07. Available from: <http://www.fafarkiv.no/pub/rapp/10173/10173.pdf>. [Accessed 12th March 2016].
- Christiansen, N. F. (1984) Denmark: End of the Idyll. *New Left Review*. I/144. p. 5-32.
- Crouch, C. (2009) Privatised Keynesianism: An Unacknowledged Policy Regime. *British Journal of Politics and International Relations*. 11 (3). p. 382-399.
- Crouch, C. (2012) Beyond the Flexibility/Security Trade-Off: Reconciling Confident Consumers with Insecure Workers. *British Journal of Industrial Relations*. 50 (1). p. 1-22.
- Doerrenberg, P. & Peichl, A. (2013) Progressive Taxation and Tax Morale. *Public Choice*. 155 (3). p. 293-316.
- Erturk, I. et al. (2007) The Democratization of Finance? Promises, Outcomes and Conditions. *Review of International Political Economy*. 14 (4). p. 553-575.
- Esping-Anderson, G. (1990) *The Three Worlds of Welfare Capitalism*. Cambridge: Polity.
- Ferragina, E. & Seeleib-Kaiser, M. (2011) Welfare Regime Debate: Past, Present, Futures? *Policy & Politics*. 39 (4). p. 583-611.
- Frerichs, S. (2009) The Legal Constitution of Market Society: Probing the Economic Sociology of Law. *Economic Sociology – European Electronic Newsletter*. 10 (3). p. 20-25.
- Frerichs, S. (2011) Re-embedding Neo-liberal Constitutionalism: A Polanyian Case for the Economic Sociology of Law. In Joerges, C. & Falke, J. (eds.) *Karl Polanyi, Globalisation and the Potential of Law in Transnational Markets*. Oxford: Hart Publishing, p. 65-84.
- Frerichs, S., (2012) *What Constitutes the Market Society?* *Studies in the Economic Sociology of Law*. Postdoctoral dissertation (habilitation thesis), University of Bamberg.
- Garland, D. (2014) The Welfare State: A Fundamental Dimension of Modern Government. *European Journal of Sociology*. 55 (3). p. 327-364.
- Genschel, P. & Schwarz, P. (2011) Tax Competition: A Literature Review. *Socio-Economic Review*. 9 (2). p. 339-370.

- Genschel, P. & Schwarz, P. (2013) Tax Competition and Fiscal Democracy. In Schäfer, A. & Streeck, W. (eds.) *Politics in the Age of Austerity*. Cambridge: Polity Press, p. 59-83.
- Graeber, D. (2011) *Debt: The First 5,000 Years*. Brooklyn, NY: Melville House.
- Guillén, A. M. & Álvarez, S. (2001) Globalization and the Southern Welfare States. In Sykes, R. et al. (eds.) *Globalization and European Welfare States: Challenges and Change*. Houndmills: Palgrave Macmillan, p. 103-126.
- Hann, C. (2010) Moral Economy. In Hart, K., Laville, J.-L. & Cattani, A. D. (eds.) *The Human Economy*. Cambridge: Polity Press, p. 187-196.
- Hay, C. (2011) Pathology Without Crisis? The Strange Demise of the Anglo-Liberal Growth Model. *Government and Opposition*. 46 (1). p. 1-31.
- Hay, C. & Wincott, D. (2012) *The Political Economy of European Welfare Capitalism*. Houndmills: Palgrave Macmillan.
- Hoppe, H.-H. (2006 [1990]) The Economics and Sociology of Taxation. In Hoppe, H.-H. *The Economics and Ethics of Private Property: Studies in Political Economy and Philosophy*. 2nd Ed. Auburn, AL: Ludwig von Mises Institute, p. 33-75.
- Howard, C. (2009) Making Taxes the Life of The Party. In Martin, I. W., Mehrotra, A. K. & Prasad, M. (eds.) *The New Fiscal Sociology: Taxation in Comparative and Historical Perspective*. Cambridge: Cambridge University Press, p. 86-100.
- Jayasuriya, K. (2002) The New Contractualism: Neo-Liberal or Democratic? *Political Quarterly*. 73 (3) p. 309-320.
- Jessop, B. and Sum, N.-L. (2006) *Beyond the Regulation Approach: Putting Capitalist Economies in their Place*. Cheltenham: Edward Elgar.
- Jessop, B. (1993) Towards a Schumpeterian Workfare State? Preliminary Remarks on Post-Fordist Political Economy. *Studies in Political Economy*. 40 (Spring). p. 7-39.
- Kear, M. (2013) Governing *Homo Subprimicus*: Beyond Financial Citizenship, Exclusion, and Rights. *Antipode*. 45 (4). p. 926-946.
- Laffer, A. B. (2004) The Laffer Curve: Past, Present, and Future. *Backgrounder – Published by The Heritage Foundation*. 1765. Available from: www.heritage.org/research/taxes/bg1765.cfm. [Accessed: 12th March 2016].
- Lapavistas, C. (2013) *Profiting Without Producing: How Finance Exploits Us All*. London: Verso.
- Leroy, M. (2011) *Taxation, the State and Society: The Fiscal Sociology of Interventionist Democracy*. Bruxelles: Peter Lang.
- Marshall, T. H. (1950) Citizenship and Social Class. In Marshall, T. H. *Citizenship and Social Class and Other Essays*. Cambridge: Cambridge University Press, p. 1-85.
- Marshall, T. H. (1972) Value Problems of Welfare-Capitalism. *Journal of Social Policy*. 1 (1). p. 15-32.
- Martin, I. W. (2008) *The Permanent Tax Revolt: How the Property Tax Transformed American Politics*. Stanford, CA: Stanford University Press.
- Martin, I. W., Mehrotra, A. K. & Prasad, M. (2009) The Thunder of History: The Origins and Development of the New Fiscal Sociology. In Martin, I. W., Mehrotra, A. K. & Prasad, Monica (eds.) *The New Fiscal Sociology: Taxation in Comparative and Historical Perspective*. Cambridge: Cambridge University Press, p. 1-27.
- Mathew, S. K. (2010) *Making People Pay: The Economic Sociology of Taxation*. New Delhi: Global Vision Publishing House.
- McClure, K. M. (1995) Taking Liberties in Foucault's Triangle: Sovereignty, Discipline, Governmentality, and the Subject of Rights. In Sarat, A. & Kearns, T. R. (eds.) *Identities, Politics and Rights*. Ann Arbor, MI: University of Michigan Press, p. 149-192.
- Menéndez, A. J. (2015) Neumark Vindicated: The Europeanisation of National Tax Systems and the Future of the Social and Democratic Rechtsstaat. ARENA Working Paper 4/2015. Available

- from: <http://www.sv.uio.no/arena/english/research/publications/arena-publications/workingpapers/working-papers2015/wp4-15.pdf>. [Accessed: 12th March 2016].
- Micklitz, H.-W. (2013) Access to, and Exclusion of, European Consumers from Financial Markets after the Global Financial Crisis. In Wilson, T. (ed.) *International Responses to Issues of Credit and Over-indebtedness in the Wake of the Crisis*. Farnham: Ashgate, p. 47-75.
- Niemi-Kiesiläinen, J. (1999) Consumer Bankruptcy in Comparison: Do We Cure a Market Failure or a Social Problem? *Osgoode Hall Law Journal*. 37 (1 & 2). p. 473-503.
- Obinger, H. & Starke, P. (2014) Welfare State Transformation: Convergence and the Rise of the Supply Side Model. TransState Working Papers No. 180. Available from: <http://www.sfb597.uni-bremen.de/pages/download.php?ID=221&SPRACHE=en&TABLE=AP&TYPE=PDF>. [Accessed: 12th March 2016].
- OECD (Organisation for Economic Co-operation and Development) (2014) *Revenue Statistics 2014*. Paris: OECD Publishing.
- Pierson, C. (2010) Welfare Capitalism. In Fitzpatrick, T. et al. (eds.): *International Encyclopedia of Social Policy*. London: Routledge, p. 1518-1523.
- Polanyi, K. (1957 [1944]) *The Great Transformation*. Boston: Beacon Press.
- Powell, M. & Barrientos, A. (2004) Welfare Regimes and the Welfare Mix. *European Journal of Political Research*. 43 (1). p. 83-105.
- Ramsay, I. (1997) Models of Consumer Bankruptcy: Implications for Research and Policy. *Journal of Consumer Policy*. 20 (2). p. 269-287.
- Ramsay, I. (2007) Comparative Consumer Bankruptcy. *University of Illinois Law Review*. 2007 (1). p. 241-273.
- Ross, M. L. (2004) Does Taxation Lead to Representation? *British Journal of Political Science*. 34 (2). p. 229-249.
- Schelkle, W. (2012) Collapsing *Worlds* and *Varieties* of Welfare Capitalism: In Search of a New Political Economy of Welfare. LEQS Discussion Paper No. 54/2012. Available from: <http://www.lse.ac.uk/europeanInstitute/LEQS%20Discussion%20Paper%20Series/LEQSPaper54.pdf>. [Accessed: 12th March 2016].
- Scott, J. C. (2005) Afterword to 'Moral Economies, State Spaces, and Categorical Violence'. *American Anthropologist*. 107 (3). p. 395-402.
- Soederberg, S. (2013) The US Debtfare State and the Credit Card Industry: Forging Spaces of Dispossession. *Antipode*. 45 (2). p. 493-512.
- Streeck, W. (2015) The Rise of the European Consolidation State. MPIfG Discussion Paper 15/1. Available from: http://www.mpifg.de/pu/mpifg_dp/dp15-1.pdf. [Accessed: 12th March 2016].
- Swedberg, R. (2003) The Case for an Economic Sociology of Law. *Theory and Society*. 32 (1). p. 1-37.
- Swedberg, R. (2006) Max Weber's Contribution to the Economic Sociology of Law. *Annual Review of Law and Social Science*. 2. p. 61-81.
- Thompson, E. P. (1971) The Moral Economy of the English Crowd in the Eighteenth Century. *Past & Present*. 50 (1). p. 76-136.
- Thompson, E. P. (1991) *Customs in Common*. London: Merlin Press.
- van Kersbergen, K. & Hemerijck, A. (2012) Two Decades of Change in Europe: The Emergence of the Social Investment State. *Journal of Social Policy*. 41 (3). p. 475-492.
- Vincent-Jones, P. (2000) Contractual Governance: Institutional and Organizational Analysis. *Oxford Journal of Legal Studies*. 20 (3). p. 317-351.
- Vis, B. (2007) States of Welfare or States of Workfare? Welfare State Restructuring in 16 Capitalist Democracies, 1985-2002. *Policy & Politics*. 35 (1). p. 105-122.
- Weber, M. (1978 [1922]) *Economy and Society: An Outline of Interpretive Sociology*. Berkeley: University of California Press.