

Shelter from the storm. The ordoliberal world of welfare capitalism

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Abstract

The social policy of the ordoliberal tradition has attracted limited scholarly attention despite an increased interest in the content of Ordoliberalism. This article attempts to fill the research gap through a reconstruction of the ideal-typical ordoliberal social policy model and its conception of the welfare state. At the same time, the author compares the scholarly positions of the first-generation ordoliberal thinkers with three ideal-typical welfare state models of social policy distilled from Esping-Andersen's seminal book *The Three Worlds of Welfare Capitalism* (1990). Aiming to uncover the possible distinctiveness of the ordoliberal social policy model, the conclusion is that while the ordoliberal social policy model shares similarities with the liberal and conservative models in Esping-Andersen's typology, it constitutes a welfare policy model in its own right, not least via its foundation in *Vitalpolitik*.

Keywords: welfare capitalism, social policy, ordoliberalism, Esping-Andersen, *Vitalpolitik*.

Schronienie przed burzą. Ordoliberalny świat kapitalizmu opiekuńczego

Streszczenie

Polityka społeczna tradycji ordoliberalnej przyciągała ograniczone zainteresowanie badaczy, pomimo wzrostu zainteresowania treścią ordoliberalizmu. W niniejszym artykule podjęto próbę wypełnienia tej luki badawczej poprzez rekonstrukcję typowo idealnego ordoliberalnego modelu polityki społecznej i jej koncepcji państwa opiekuńczego. Jednocześnie, autor porównuje stanowiska naukowe ordoliberalnych myślicieli pierwszej generacji z trzema idealnymi modelami polityki społecznej państwa opiekuńczego wydestylowanymi z przetłomowej książki Espinga-Andersena *The Three Worlds of Welfare Capitalism* (1990). Dążąc do odkrycia możliwej odrębności ordoliberalnego modelu polityki społecznej, autor dochodzi do wniosku, że chociaż ordoliberalny model polityki społecznej wykazuje podobieństwa z modelami liberalnymi i konserwatywnymi w typologii

Esping-Andersena, sam w sobie stanowi odrębny model polityki społecznej, chociażby poprzez swoje zakorzenienie w *Vitalpolitik*.

Słowa kluczowe: kapitalizm opiekuńczy, polityka społeczna, ordoliberalizm, Esping-Andersen, *Vitalpolitik*.

This article compares the ordoliberal social policy model¹ with the three social policy models found in the seminal book of Gøsta Esping-Andersen (1990) on welfare capitalism. To the best of my knowledge, this analysis has not been carried out before. The conclusion of the article is that there are strong indications that the ordoliberal social policy model constitute a social policy model with some similarities with all three models presented by Esping-Andersen, but these similarities differ between the three models. At the same time, there are also elements that are only found in the ordoliberal model. Therefore, I will argue that the ordoliberal model of capitalism is a model in its own right.

The first section below present the various social policy models dealt with in this article. The second section analyses and diagnosis how ordoliberalism views proletarianisation as the most severe social policy problem in modern capitalist societies, as well as the claim that the welfare state does not offer a solution to this. What does proletarianisation mean, and what does ordoliberalism understand it to imply? The third section presents the social policy solution to the problem of proletarianisation in the form of *Vitalpolitik*.² What is the content and backdrop of the concept of *Vitalpolitik* as far as social policy is concerned in the texts of Alexander Rüstow as the inventor of the concept – but also in the texts of Wilhelm Röpke, who applauded it as well as in the secondary literature studying *Vitalpolitik*? In the fourth section, I compare the four policy models analysed in this article with the aim of presenting a precise characteristic of the ordoliberal social policy model. Finally, I conclude and present a perspective on the view on social policy of the first generation ordoliberal thinkers for contemporary policies.

Ordoliberal social policy and three models of welfare capitalism³

Since the beginning of the Eurozone crisis in 2008, a strand of scholarly literature has claimed that Ordoliberalism⁴ (OL) has had and continues to have a major influence over German policies (see, e.g., Blyth 2013; Nedergaard, Snaithe 2015; Schmidt, Thatcher 2014). Increasingly, this claim has also triggered interest in the distinctiveness of OL

¹ The ordoliberal school of thought has German roots, but has also had a great influence in the EU. The key words are stability, predictability and absence of discretionary interventions in the market mechanisms. The remedy is a strong regulatory framework for the economy, which the ordoliberals call an economic constitution.

² The concept of *Vitalpolitik* is an ordoliberal invention, which alludes to the fact that under capitalism, workers are often deprived of abilities and opportunities to take their own initiatives. They are passivated. The way out of this situation is through the allocation of co-determination, responsibility and property to the workers.

³ All translations from German into English in this article are my own unless otherwise stated.

⁴ The term *Ordoliberalism* was not used until a 1950 issue of the review *ORDO*. In substance, however, *ordoliberalism* had already emerged in Germany in the interwar period (Siems, Schnyder 2013). Hence, in this article, I use the term *ordoliberalism* for this economic philosophy, also before 1950.

and its roots. OL is an economic philosophy of German origin focusing on rule-based policy-making by a strong state in order to create a free market without monopolies, and balanced public budgets. In addition to the possible influence of OL on attempts to solve the Eurozone Crisis, there has also been recent scholarly interest in uncovering potential OL influence on competition policy and market integration (see: Bonefeld 2017a; Dullien, Guérot 2012; and the references in these publications).

This article focuses on a hitherto neglected policy area in the literature that is often seen as the signature of the welfare state: the social policy of OL. Werner Bonefeld (2017a) and a few others (e.g. Siems, Schnyder 2013; Storey 2017; Kolev, Goldschmidt 2022; Maier-Rigaud 2022) have indeed analysed social policy through OL lenses, and I build on their writings. At the same time, I add to their work by comparing the OL view on social policy with other (more dominant) views. My ambition is to reconstruct and find a possible leitmotif in the thinking on social policy of the first generation of OL thinkers in a comparative perspective. I concentrate on the classics of OL before the OL School was perhaps somewhat watered down (see: Hien 2013).

One could argue that this comparison is flawed because Esping-Andersen's models are essentially materialistic motivated, whereas the OL approach is an ideational model. Contrary to such an argumentation, I will point out that all the models mentioned contain materialistic as well as ideational elements concerning driving incentives to work, their normative anthropology (individual or community oriented), their conception of social equality, etc. (see *Table 1*). Hence, in my view it is possible to square the Esping-Andersen's models with the OL model. In addition, one could also add – as a further argument for the comparison – that most of the basic thinking about the various welfare models analysed in this article was carried out at more or less the same time under and right after the Second World War.

Social policy in modern welfare capitalist societies has been studied intensively over the years, obviously due to it being the most important *raison d'être* of the welfare state. The perspective, from which social policy has been studied, has mainly been either (neo) liberal (or 'Anglo-Saxon'), social-democratic (or 'Scandinavian') or conservative (or 'Continental European') (cf. Esping-Andersen's three 'worlds').⁵ In relation to OL, it is interesting to note that this economic philosophy seems to have a different perspective on social policy than the other three. This article uncovers and explains these differences. The important question in this regard is whether OL of the first generation of OL thinkers – as far as social policy is concerned – represents a social policy model in its own right, or whether it is merely another variant of the liberal or conservative model (see also: Maier-Rigaud 2022).

When referring to Esping-Andersen's seminal book on the three models of welfare capitalism, I acknowledge that this appeared 40-60 years after the writings of the first generation of OL thinkers. However, the social policy model I have distilled from Esping-Andersen's models solely represents ideal-typical models on how to structure social policies in modern welfare capitalist societies. I define an ideal type as an internally coherent

⁵ With over 30,000 citations in Google Scholar, *The Three Worlds of Capitalism* is one of the most cited books in the social sciences.

theoretical model that reflects some social empirical phenomena but inevitably diverges from these and is far from reflecting them 1:1, although there are societal off-springs of the three ideal types. An ideal type is used to measure and compare social phenomena. My use of Esping-Andersen's ideal-typical social policy models is not anachronistic: applying a newer theoretical model on older ideas concerning OL social policy is normal methodology in social science. Also, the OL social model that I reconstruct is an ideal type.

According to the social democratic ideal-typical perspective on social policy in the modern welfare capitalist state, the state should be allowed to intervene to provide a standard of living and a degree of equity for citizens through pension schemes and social benefits aimed at alleviating unemployment or illness. Generally, the welfare state should adopt a social policy with universal benefits based on objective and individual casework (Esping-Andersen 1990: p. 27–28, 67, 70–77). The focus in this model can be interpreted as being on solving market failures. In Esping-Andersen's words, the ideal-typical social democratic objective is to safeguard de-commodification; that is, that low income citizens in the welfare state are treated no less well via the social policy than in the labour market (Esping-Andersen 1990: p. 35–54). This implies high-level social benefits.

On the other hand, Esping-Andersen's ideal-typical (neo)liberal⁶ perspective on social policy in modern welfare capitalist societies briefly states that market forces should be allowed to work because they produce more wealth for society as a whole in the long run (Esping-Andersen 1990: p. 26–32, 120–122, 157–161). The ideal-typical liberal welfare state model provides universal coverage as in the social democratic model, albeit with much lower benefit levels. In practice, the demand for most of these benefits comes from among the lower social strata, whereas the other social groups are overwhelmingly privately insured. The key concept in the liberal model comprises economic incentives (Esping-Andersen 1990: p. 157–61, 180–182, 199–206), and the main consideration is that excessive social benefits result in an inadequate motivation to seek the employment available on the labour market.

Lastly, Esping-Andersen's ideal typical conservative welfare state model is characterised by the following elements: most social benefits (e.g. unemployment benefits and pensions) depend on status and how long the recipient has been in the labour market (Esping-Andersen 1990: p. 58–61, 122–124). Ideal-typical social policy instruments are based on the earnings principle. Hence, there is no universal coverage as in the social democratic and liberal models (Esping-Andersen 1990: p. 70–78). At the same time, if a citizen is covered due to lengthy participation in high-status employment, the benefits often (far) exceed those in the ideal-typical social democratic welfare model. Such groups are therefore completely protected from market forces, whereas others are not. Moreover, families bear some degree of responsibility for their close relatives (e.g. if

⁶ The term 'neoliberal' is slightly confusing, when analysing OL. From the late 1930s until 1950, OL was referred to as 'neoliberalism' in order to distinguish it from laissez-faire liberalism and classical liberalism à la Adam Smith. Hence, the use of 'neoliberalism' in this article relates to the modern use of this term. The term 'neoliberal' is probably also a more suitable term for Esping-Andersen's liberal model, as 'liberal' has very different meanings and connotations in the American and European contexts.

they become unemployed or pensioners) if they can afford to do so. This is contrary to the social democratic and liberal models, where the basic unit is not the family but the individual (Esping-Andersen 1990: p. 934).

In the OL tradition, social policy is mainly covered by the sociologically inclined part of OL (as originally not least represented by Wilhelm Röpke, Alexander Rüstow and Alfred Müller-Armack⁷), although all first-generation OL thinkers recognised the importance of social policy.⁸ Generally, OL is characterised as having at its foundation the existence of a strong state responsible for a 'politics by rules' (*Ordnungspolitik*),⁹ which is able to determine the frame of market forces. Moreover, the state should be a strong enforcer of market mechanisms through active competition and anti-trust policies. At this point, OL is even more inclined to promote market forces than neoliberalism (Nedergaard 2019). According to OL, the reason for this is that the anti-monopolist and strong competition policies should safeguard the dissemination of wealth. In the rest of this article, the ideal typical OL social policy model will be reconstructed and compared with the three models distilled from Esping-Andersen (1990).

The welfare state as a non-solution to social policy problems

According to OL, proletarianisation is the fundamental social policy problem in modern society (Röpke 1979b [1944]). Röpke claimed that the problem began when non-orderly laissez-faire capitalism turned "a great part of the population into un-independent, property-less, urbanised wage-earners, who became 'pawns in the game' in the hierarchies of the industrial-commercial mammoth companies" (Röpke 1979b [1944]: p. 253). In this situation, they had to live from 'hand to mouth', where "they can think of nothing other than how to get their wage income" (Röpke 1979b [1944]: p. 253).

Röpke continued that this process of proletarianisation has taken away the ability of workers to rely on 'self-help', 'self-supply', 'family-solidarity', etc. (Röpke 1979b [1944]: p. 254). This development became the *raison d'être* for the modern welfare state, with various forms of social benefit schemes substituting for the social loss. These social benefit schemes are, however, highly problematic for the freedom of the society, in

⁷ Alfred Müller-Armack was not really part of the first generation of OL thinkers. He joined them after World War II. However, from then on he was an active OL contributor, not least concerning the social aspects of OL.

⁸ There are differences between Alfred Müller-Armack, Wilhelm Röpke and Alexander Rüstow on the one hand, and the circle around Walter Eucken and the Freiburg University on the other. Someone would even suggest that OL should be reserved for this latter group. As regards social policy, however, I find enough similarities to justify the OL concept covering them all, even though there are differences regarding the presentation of the ideas, in which the sociologically inclined part of OL is more essayistic than the Frankfurt group. The core Frankfurt group is also more specifically associated with the concept of *Ordnungspolitik* (see the footnote below).

⁹ *Ordnungspolitik* is the key term for the ordoliberals. It alludes to the fact that the policy should be adjusted so that it promotes overall order and stability in society. The literal translation of *Ordnungspolitik* is 'politics of order'. However, this translation risks being misunderstood. For an English-reading audience, 'politics of order' (especially when used in connection with the German concept of politics) may raise unwanted and inappropriate associations with authoritarian politics. Therefore, I prefer to use the original German term and add an explanation that it means something akin to 'politics by rules'.

which proletarianisation has taken place. The reason for this is simple: "Freedom from want, the achievement of minimum standards of material security, undermines the 'real freedom' of entrepreneurial decision making. There is no such thing as 'freedom without risk'" (Bonefeld 2017a: p. 98). In OL thinking, 'freedom from want' is a demagogic misuse of the word 'freedom' (Bonefeld 2017a: p. 98-99). A prisoner enjoys complete 'freedom from want' but is not free at all. Hence, freedom is much more than 'freedom from want'. In the OL world, a risk-free society is not free. In OL thinking, freedom mostly refers to the positive freedom found in classical liberalism (cf. Isaiah Berlin's (1969) distinction between negative and positive liberty or freedom). For example, Rüstow had an explicitly positive interpretation of freedom including both material and immaterial empowerment. It is only then that individuals can attain the ability to make use of their freedom rights (Kolev, Goldschmidt 2022: p. 456). This also shows that the first generation OL thinkers were not only focussed on the immaterial and ideational side of social policy.

In the situation with a 'proletarianised' working class unable to help itself, OL theorists do not view a welfare state as a real substitute. On the contrary, Röpke's suggestive prose illuminates what he thinks the social policy of the welfare state will lead to: "Even more social welfare, even more bureaucracy, even more subsidies, even more regulations, even more contributions, even more concentration of power, national income and responsibility in the hands of the government, regulating, concentrating and controlling states, with the only sure result that without a solution to the problem of the proletariat, there will be even more concentration, middle-class destruction, proletarianisation and 'statification.'" (Röpke, 1979b [1944]: p. 263).

According to Röpke, the welfare state is a pumping system of Leviathan, implying the establishment of a 'pocket-money state' (Bonefeld's paraphrasing of Röpke in Bonefeld 2017a: p. 99) and a lost entrepreneurial spirit (Maier-Rigaud 2022: p. 500). In Röpke's own word – when referring to Abraham Lincoln – the welfare state is not sustainable: "You can help individuals permanently, you can help everyone temporarily, but you cannot help everyone permanently" (Röpke 1979a [1942]: p. 266)

In other words, this loss for workers in the proletarianisation process will likely lead to the modern welfare state, but it will only supply workers with a superficial and anonymous, mechanical mass solidarity. In fact, according to OL, the welfare state consolidates proletarianisation. The proletarian struggle for material security means that the welfare state becomes a 'secular God' (Bonefeld 2017a: 98). The end result is inevitably a general de-vitalisation and de-personalisation of the modern individuals in this 'ever-more strongly funded mass welfare' of a state, the welfare and taxation apparatus of which creates a society "where individuality is withered away in collectivity, and where people are ultimately humiliated into becoming state slaves" (Röpke 1979b [1944]: p. 255).

Both Röpke and Rüstow were not totally against social security provided for by the state. A minimum hereof is necessary. However, this minimum level has been largely exceeded in most Western welfare states after the Second World War (Röpke 1979 [1958]; Rüstow 1956).

Not unsurprisingly, OL thinkers objected strongly to social democratic-type welfare spending. This particularly relates to the importance they gave to the concept of personal responsibility and liability (germ. *Haftungsprinzip*). This implies that those benefiting from a particular action must also be liable if things go wrong. The problematic side of the social democratic welfare state is, therefore, not least when generous universal welfare transfers create negative incentives, reduce personal responsibility and lead to moral hazard (Pies, Sass 2010). Therefore, the ideal-typical social democratic social policy model and the OL social policy model are like fire and ice. However, they also both aim at more societal equality: the social democratic model through high level benefits, and the OL model via individual empowerment and equal opportunities (Maier-Rigaud 2022).

Never the less, in OL thought, the social security apparatus of the modern welfare state is always only a 'surrogate'; it will never mean "real liberation for the unhappy victims of proletarianisation" (Röpke 1979b [1944]: p. 256). In Röpke's wording, the welfare state will only weaken the ability of an individual to take responsibility for his/her own life (Röpke 1979b [1944]: p. 256-257).

If the welfare state is not a solution to proletarianisation (as social democrats believe), what then is the key? According to Rüstow, the *raison d'être* of social policy in a modern capitalist society should be limited to "help those who cannot help themselves" (Rüstow 1955: p. 210). This also implied an economic policy that limited the "area of social need as much as possible" without having to rely on the "means of the poison cabinet of Keynes' full employment pharmacy"¹⁰ (Rüstow 1955: p. 210).

OL-type social policy should always consider how life is not risk-free. On the contrary, the task of OL social policy "is to support the individual to perform as entrepreneurial risk-taker" (Maier-Rigaud 2022: p. 505). If social policy implies 100 per cent back-up from public insurance measures of all risks in life (i.e. what Esping-Andersen (1990: p. 48-49) calls decommodification, which he assumes to be the ideal of the social democratic welfare state), the next step is to implement forced labour programmes, as in that case people would not work by themselves (Röpke 1979c [1958]).

In other words, material incentives do play an important role in social policy for OL thinkers, but they are far from the whole story. In line with the social democrats (Esping-Andersen 1990: p. 65-78), OL thinkers also cared about social issues, although they did not support the provision of high-level universal welfare that characterised the social democratic model (Peck 2010). This was not because they could not allow workers to have high-level universal welfare, but rather because it would ultimately do them more harm than good (Maier-Rigaud 2022: p. 500-513).

As can be seen, the ideal typical OL social policy model is furthest from the social democratic ideal-typical welfare state and closest to the liberal model as regards levels of social benefits. When it comes to the question of the concept of social policy universalism (which is characteristic of both the social democratic and liberal models), the OL position is slightly trickier. While universalism gives long-term predictability, which OL

¹⁰ See also: Nedergaard, Snaith 2015 (an analysis of the OL critique of Keynesianism).

praises in line with the *Ordnungspolitik* (meaning 'politics by rules') approach, a system of universal social benefits always raises risks of dependency, even with an ideal-typical liberal model with low social benefits. In addition, as mentioned above, both the social democratic and the ordoliberal social model are both normatively and ideal typical tuned in favour of societal equality, which is not a deliberate goal of neither the liberal or the conservative social policy model. Both Röpke and Rüstow stresses this point strongest in the first generation of OL thinkers. They also favoured a progressive inheritance tax (Fèvre 2022: p. 130).

At the same time, classical OL social policy ideals undoubtedly contradict the individualism of both the social democratic and liberal models. The OL ideal-typical social policy model is based upon the principle of subsidiarity. Only when family, neighbours and friends to help a person in need, the next level will step in form of private charitable associations or public authorities (Maier-Rigaud 2022: p. 500–513). When it comes to the family orientation, the first-generation OL thinkers were closest to the conservative ideal-typical welfare state model insofar as part of the proletarianisation problem was also one of 'defamilisation'. However, the social benefit levels in the conservative model (especially for people with high status and lengthy labour market activity) were much too high compared to the OL ideals. In practice, therefore, the social democratic and conservative models are both very expensive for taxpayers in general, which was exactly what worried the classical OL thinkers (Röpke 1979c [1958]).

Ferdinand Tönnies famous two concept of community (germ. *Gemeinschaft*) and society (germ. *Gesellschaft*) were essential for both Rüstow and Röpke as they regarded the community as the core of the wanted social order vis-à-vis society. "The human being is by nature a community being" as Rüstow wrote (Rüstow 1950, cited in: Kolev, Goldschmidt 2022: p. 456). The role of an OL social policy was to bring people back to the natural community away for the artificial society. In case this undertaking was successful, many social problems solved themselves according to the first generation of OL thinkers.

According to OL, the total welfare state is unavoidably also a totalitarian-enforcing one (Rüstow 1955: p. 211). However, it is not a strong state. It is a weak state because it is politically overloaded (Bonefeld 2017b: p. 749) and characterised by overloaded interventionism (Bonefeld 2017b: p. 748). According to Röpke, this weak state should be replaced by a strong state able to transform "rebellious proletarians into self-responsible and willing entrepreneurs of labour power (Röpke 1942, cited in: Bonefeld 2017b: p. 250). The strong state is a "state where it belongs; over and above the economy, over and above the interested parties (*Interessenten*)" (Rüstow 1963, cited in: Bonefeld 2017b: p. 753).

Compared to the three welfare state models presented by Esping-Andersen (1990), a combination of the liberal and conservative models seems to be most in tune with the OL social policy ideals. In contrast, the ideal-typical social democratic model is more different from the OL ideals on most dimensions. The only exception is when it comes to their overall common goal of societal equality. Moreover, none of the three models captures the extra layer in the OL-type social policy model, namely *Vitalpolitik*.

The ordoliberal social policy solution is *Vitalpolitik*

As touched upon above, the classical OL thinkers rejected the notion that the proletarian condition is only or even primarily material in character. They rejected 'purely' material conditions as the basis of social policies even though they fully accepted that material incentives were of importance in a social policy perspective.

In order to supplement the economic incentives in their social policy model, the OL thinkers developed the concept of *Vitalpolitik* (as first invented by Alexander Rüstow), which should aim at a social policy improving people's 'real' living standards and well-being, and not just at securing cash benefits (Maier-Rigaud 2022: p. 506). The instrument was a transformative structural social policy. At the same time, this type of social policy was not aimed at a social egalitarianism to the same degree as seen in socialism, but rather a stabilising of a supposed 'natural order' of society, in which different social strata coexist, however, preferably with less inequality than in pure capitalist states. Hence, the strong state should provide equal opportunities and predictability in line with the general *Ordnungspolitik* approach of OL (Siems, Schnyder 2013).

That is also why, according to OL, none of the three welfare state models presented by Esping-Andersen contain a real solution to the social policy problems created by proletarianisation. Instead, it basically amounts to a problem of vitality. Social policy should therefore always be based on *Vitalpolitik* (i.e. both 'vital politics' and 'politics of life'); or in Foucault's (2008) words, biopolitics (Bonefeld 2017a: p. 94). *Vitalpolitik* is the fundamental instrument of ordoliberal social policy. Worker participation on company boards and self-governing cooperatives within the enterprise was also part and parcel of the ordoliberal social policy model, because it would empower the workers, and, thereby, improve their vitality (Rüstow 1952: p. 11). Conversely, the proletarianisation process 'devalues' workers in the sense that they are not possessed by the "ethics and spirit of the bourgeois" (Storey 2017). Hence, the fundamental question is how to recreate or re-vitalise this ethics and spirit.

Generally, in the OL world, social policy understood as *Vitalpolitik* is necessary for the OL social market economy (as labelled by Müller-Armack) to function. The "individuals must be obliged (and pushed where necessary) to take responsibility for their own economic welfare through the market" (Storey 2017). This relates to the right economic incentives, but encompasses much more than this. The *primus inter pares* of the first-generation OL thinkers, Walter Eucken, also stressed that social policy must be based on *Ordnungspolitik*, which is what OL has always generally strived for. The most important task was setting the right political frame for the social market economy; the rest would then follow more or less automatically.

This OL economic system must be more orderly than the laissez-faire economy advocated by some classical liberal thinkers, as well as newer neoliberal scholars, and it should be less social policy interventionist than the social democratic universal welfare state model, and less hierarchical than the conservative social policy model. In that sense, OL social policy offers a 'fourth way' that has its own distinctive character

that differs from the ideal-typical social democratic, liberal and conservative models (Nedergaard 2022).

In any case, what characterises this ideal-typical fourth model of welfare capitalism? According to Eucken, OL social policy is an all-encompassing phenomenon. For him, as for all of the first-generation OL thinkers, social policy (in the broadest sense of the concept) is what everything is about: "There is nothing that is not socially important", Eucken (2004 [1952]: p. 313) claimed. "Correctly understood social policy is universal in art. It is identical with a politics by the rules [*Ordnungspolitik*] ..." (Eucken 2004 [1952]: p. 313). Eucken constantly argued that all public policies were interdependent of each other and of the political institutions – the so-called interdependence of societal orders (Eucken 1989 [1940]).

In this regard, Eucken (like Röpke, but differently) also stresses that social policy should primarily and most effectively be dealt with in an indirect way, which is the usual political methodology of OL (i.e. its signature, so to speak): "One should seek social justice through the establishment of a well-functioning total order, and especially via stressing that income formation goes through strict rules of competition, risk and liability. One should not seek it through the elimination of private property" (Eucken 2004 [1952]: p. 317). Basically, social security is a matter for *Ordnungspolitik*, which is the first principle of *ORDoliberalism*¹¹ (Eucken 2004 [1952]: p. 322).

In this respect, ideal-typical ordoliberal social policy is law-governed, predictable, rule-based and with market-conforming interventions. Citizens should be able to predict how the state will treat them in case of various social events, decisions, initiatives, etc. In the OL model, social policy should never be discretionary in character. At the same time, according to the spiritual and individual backdrop of OL, social policy should enhance people's readiness to assume responsibility for their own fate (Bonefeld 2017a: p.101) so that they do not become welfare-dependent (Storey 2017). In Röpke's own word, the cultivation of "the feeling self-responsibility (*Selbstantwortung*) is what can trigger a healthy society" (Röpke 1979a [1942]: p. 265).

Comparing this claim with the three ideal-typical welfare state models, neither the social democratic nor the liberal model bear any substantial elements of *Vitalpolitik*. They are mostly about economic incentives, which should either make de-commodification possible or push people to work. While the conservative welfare model does contain a few elements of *Vitalpolitik* (e.g. its family orientation is supposed to make people more responsible for their own lives), they are few and do not constitute an extra layer as in the OL-type social policy.

According to Röpke, the deproletarianisation method vis-à-vis the individuals implies the penetration of the mental make-up or 'psycho-moral' forces of the proletarians (Röpke (1979a [1942]: p. 252). The method should form character. As mentioned above, they should learn to accept economic risks (Bonefeld 2017a: p. 94) and acts as entrepreneurs (Maier-Rigaud 2022: p. 500–513). Röpke (1979a [1942]: p. 253) refers to this method as the

¹¹ *Ordo* is Latin 'for order'.

embourgeoisement (germ. *Verbürgerlichung*) of the proletariat. The deproletarianisation process must influence the psychology of workers. The new psychology is intended to instil in people the self-discipline, honesty, fairness, chivalry, moderation, public spirit, respect for human dignity, and firm ethical norms (Röpke 1979a is here cited in condensed form by Bonefeld 2017a: p. 103).

Eucken also emphasised the question of morals as the foundation of social policy. This shows how he – as an economist – is fundamentally in line with the sociological OL thinkers on this issue: “One often says, and rightly so, that the solution to the social question is one of social morals; people’s attitudes towards each other are decisive, and without a change of attitude one will never reach the goal” (Eucken 2004 [1952]: p. 323). This is not to say that OL only views social issues as moral questions. As mentioned above, there are weak people who cannot be safeguarded by changing their morals.

There is an ongoing scholarly debate about the status of *Vitalpolitik* of the first generation of OL thinkers. Maier-Rigaud (2022: p. 500–513) have argued – contrary to Ptak (2004: p. 171–172) and Bonefeld (2013: p. 115) – that *Vitalpolitik* is not just a strategic ordoliberal element to protect the economic order. Rather he sees it as a central conviction of Rüstow’s and Röpke’s OL thinking about social policy. I second with Maier-Rigaud as also indicated in the section above.

Comparative analysis of the four social policy models

According to OL, both the social democratic, liberal and conservative welfare state ideal-typical models are illiberal manifestations of a degenerated capitalist system, albeit to varying degrees. An OL ideal-typical social policy is something different.

In *Table 1*, I compare the four ideal typical models of welfare capitalism analysed in the article above.

Table 1: Four ideal typical worlds of welfare capitalism.

Features of the ideal-typical welfare state models	Liberal	Conservative	Social Democratic	Ordoliberal
Purpose of social policy	Promote growth and avoid social unrest	Avoid social unrest and promote social order	Promote equality	Avoid proletarianisation through ability to self-help
Unit in focus	The individual	The family	The individual	The family
Is societal equality a goal?	No	No	Yes, through decommunification	Yes, through empowerment and equal opportunities

Social groups to be subsidised	Low income individuals	High and low income individuals	All groups	Those who cannot help themselves
The role of economic incentives	Strong	Rather weak	Weak	Strong, but can never stand alone
Key actors	State	State and families	An all-encompassing state	A strong state and families
Instruments	Economic incentives	Earnings principle	Matching the need	Provide immaterial conditions of self-help
Coverage	Universal – low level	Selective – focus on historical earnings	Universal – high level	Selective – focus on the needy
Preferred type of intervention	Direct economic help	Based on status	Direct help via right to social benefits	Indirect help via the societal frame
Underlying basic norms	Market conformity	Hierarchical social order	Equal treatment via de-commodification	Morality

Source: author's own elaboration

Conclusion and perspective

In this article, I have captured the original OL social policy model as a fourth model of welfare capitalism that focuses on market-conforming initiatives and the right economic incentives; however, the most important element in the OL social policy model is the extra layer containing assumptions about the latent vitality of all citizens, including the potential recipients of social benefits. In addition, the OL model integrates in a specific way elements from the liberal welfare state model distilled from Esping-Andersen (rather low level of social benefits and only for those in need), the conservative model (the family-oriented approach) as well as the social democratic model (societal equality).

The distinctiveness of the ideal-typical OL social policy is *Vitalpolitik*, which implies that correcting the economic and market-conforming incentives is not enough. In OL social policy, the decision-makers should also be cultivating the 'vitality' of citizens. This vitality is best promoted through setting up businesses and property ownership, which increases the ability of self-help. This is the only optimal solution to the proletarianisation brought about by 'un-orderly' capitalism, and for which none of the three welfare state models of Esping-Andersen presented above are permanent solutions according to the first generation OL thinkers.

Many welfare states are in crisis. They are all very expensive to operate and consume massive proportions of the Gross National Product. At the same time, citizens appear to be becoming increasingly dissatisfied with the services of the welfare state, no matter

whether they are liberal, conservative or social democratic. Even though reforms are adopted, which normally point in the direction of the liberal welfare state becoming even more dominant than at present, this is not enough, and citizens are often left even more dissatisfied. In this regard, the OL view on social policy offers a new perspective on contemporary social policy, and ideas from here could probably be picked up in order to dampen part of the welfare state crisis by exploiting the recommendations implied in the social policy model based on *Vitalpolitik*. Perhaps the European welfare states should look to the OL model for inspiration in the future reforms of their welfare states with stronger focus on empowerment and equal opportunities for all citizens, emphasising social welfare for those who cannot help themselves.

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