

**Call for Pluridisciplinary Papers on
the Political Economy of Social Protection**

Revue Française des Affaires sociales

For issue n° 4-2012

This call for contributions is of interest to researchers in political science,
history, law, economics and sociology.

The issue n° 4-2012 of the Revue Française des Affaires Sociales will be dedicated to the
theme « Political Economy of Social Protection ».

Papers must be submitted before 1 September 2012.

1 Issue Objectives – A Broad Overview:

This issue of RFAS wishes to deliver to its readers:

1. An analysis of the current state-of-the-art of the framework of social protection systems and their evolution in France, Europe, within the OECD, and across other regions of the globe over the last 20 years. We favour a descriptive approach (based on empirical evidence) of policy interventions and the accompanying debate even if these reforms have or have not resulted in durable changes in social protection systems in the countries under consideration. Cross-national comparisons are encouraged and need not necessarily be limited to the last 20 years. Our definition of social protection is a narrow one and should be restricted to social transfers, more specifically those which justify some form of government intervention, and can include: channels through which redistribution occurs between the active population and retirees (pension schemes); from the healthy to the sick and disabled (health insurance, disability, and assisted living); between households comprised of children and those without (family and child benefits); as well as from the employed to those excluded from the labour market (unemployment insurance, guaranteed minimum income). Transfers linked either to education or housing policies are excluded (because they cannot be considered transfers across various states of the world).
2. An analysis of the current debate in the social sciences (with a primary emphasis on economics but also with regard to political science, history, law, and sociology). Focus may be placed on what *ought to be* (the normative approach) and *what is foreseeable* (the positive approach). Discussions may revolve around efficiency (examples of such debates are: tax regimes and their effect on growth; incentives created through decentralised fiscal policy; or the failure of the private sector and market mechanisms to tackle issues related to the welfare state); discussion may also turn on the matter of equity (inter-regional, inter-generational, and between social classes); and finally, may concern the modalities by which choices and social preferences are expressed (voting systems or other mechanisms through which decisions are taken over the direction of social policy).
3. Articles which weigh recent developments in the analysis of the social protection sphere. We would like to invite contributions which rely on quasi-experimental methods toward evaluation of public policy; experimental economics as a means to reveal preferences in the domain of equity/justice and redistribution/solidarity; theoretical approaches towards rationality in public choice; and finally, recent developments in the evaluation of the positive approach and its historical legacy in the choices made by public policy-makers. In this category, we encourage research based on internationally comparable statistics (or indeed comparison between jurisdictional bodies involved in the decision-making processes on issues pertaining to social policy).

2 Thematic Proposals and Opportunities:

Currently between one-fifth and one-quarter of GDP is devoted to social protection expenditures across the developed world and represents over half of all public spending. A concurrent rise in levels of international competition and the recent financial crisis—the repercussions of which are still being felt in a number of countries (or indeed individual American states)—have created increasing tension in the social policy arena. At the core of the problem lies a paradox. On one hand, fiscal competition across countries combined with the opening of free competition and trade to services provided by social welfare institutions threatens the financial sustainability of national welfare states. On the other hand, now more than ever, a social safety net is essential to protect populations from the economic risks associated with globalisation (not least the rise in income inequalities in knowledge- and human capital-based economies). As a corollary, social protection has become a central preoccupation for specialists in public finance, international trade, and macro-economics who are approaching the current predicament from a number of angles. One approach has been to investigate and question the public nature of current institutions and their funding. Another has been to propose austerity measures. Finally, recommendations are being made in the search for alternatives to the current financing structures (the replacement of payroll taxes by flat rates or consumption taxes). Against a backdrop of reflection on public perception and preference in regard to social transfers specialists in social protection policy (economists, political scientists, sociologists, legal scholars, historians) are being forced to bridge the gap between better integration of the normative questions being posed by the new economic reality and societal preferences on the roles of health care spending and pension-related transfers in the welfare state.

These various strands have created a climate for the re-emergence of theories on political economy that have found new application in the social protection sphere. Before being marginalised by Marshall and Edgeworth in the late-nineteenth century the term ‘political economy’ was synonymous with ‘economics’. Since that time it has come to represent a branch of economics focused firmly on institutional settings that arise in response to market failures and whose existence, or potential for creation, owes as much to political will as investor and consumer decisions. As an economic school of thought it behaves as any other and contains theories (somewhat vague) to classify elements in a rational way thus deriving implications on individuals, social classes, or indeed bureaucracies themselves. As a political approach it is again no different from others and thus searches to understand how institutions are created through the lens of universal suffrage (one person, one vote) rather than market mechanisms (one Euro, one vote).

Political economy has become a broad term to define numerous sub-groups that may or may not overlap and includes: (i) orthodox economics where the term denotes public choice theory and the notion that voters act based on rational self-interest and institutions arise through a process akin to a referendum; (ii) institutionalism, using history as a guide to understand the sequence of events that has led to present day constraints on the ability to make policy decisions (path dependency); (iii) Marxism, which seeks to explain how a dominant political class takes rational choices to claim a monopoly on decision-making processes in a context of formal democracy; (iv) political science and sociology, both of which remain focused on the actual process of democracy and the mechanisms and procedures through which choices are made (or not), and how they may in fact act as an obstacle to the ability of the voter as the

kind of self-interested agent that adherents of public choice theory are so fond of to make rational choices.

Due to the heterogeneous nature of the discipline the methodology and tools deployed cover a broad spectrum: theoretical simulations might be conducted on the basis of general-equilibrium models (generating optimal social protection for a given tax system) or on partial equilibrium (in which case the framework can be reformed); case studies of historical sequences and path dependency to explain institutional gridlocks and reliance on the status quo; normative analyses of the levels of well-being under varying policy structures (e.g., funded or pay-as-you-go pension schemes based on assumptions of inter-generational solidarity and overlap); experimental (or more qualitative) approaches toward the measurement of individual preferences for income redistribution or fairness; last, the use of quasi-experimental methods to evaluate the effects of public policy on the wider macro-economy and its underlying social tissue.

While these approaches are only now being used to shed new light on policies related to unemployment, health, and family policy they have a much longer history in their application to pension schemes (dating back at least as far as the controversy between Lerner and Samuelson in the late-1950s).

3 Suggested Topics for Contributions:

In response to these themes this edition of RFAS wishes to assess the current state-of-the-art on these subjects (including reasonable predictions on future evolution) through *literature reviews* to better illustrate the following policy strands:

- the array of funding mechanisms and budgeting options for a range of social protection policies (public/private, mandatory/voluntary, progressive/flat-rate/risk based),
- the framework for the distribution of services (instruments settings for pension schemes and unemployment or invalidity benefits; mechanisms for restricting provision and access to health care facilities as well as services and payments to providers; management of childcare services),
- a definition of the perimeter of the social protection sphere: rights to a social safety net and extensive decommodification.

We seek literature reviews general enough to apply to broad sets of countries (Europe, OECD, developing countries) but national studies (or indeed sub-national) would also be more than welcome.

In addition to an overview of the current state-of-the-art, we would like this edition to provide an opportunity to invite papers on specific research themes.

Listed below are some suggestions of possible domains of research for which the RFAS seeks to collect *original and innovative contributions*.

3.1 Health Care Funding:

Unlike pensions or unemployment benefits, health insurance benefits bear no proportional relationship to income. What do we know of the effects on redistribution (according to income) of the prevailing health care models?

Is there any justification for using the funding of national health insurance schemes as a tool for income redistribution as opposed to more direct actions (e.g. income tax)? Or indeed, should we be reflecting on a shift of perspective toward a funding of public health insurance independent of income (flat-rate premiums, consumption taxes)?

What role do externalities based on altruism play in health care? It is often taken for granted that citizens are willing to contribute towards funding of the health care system because they derive satisfaction from knowing that they support a system that allows other people to ensure basic survival and improvements in quality of life. And yet, no reliable tools exist to measure the role altruism actually plays. More broadly, what role do social preferences for equity occupy in the policies toward health, dependence, and the disabled?

What do we know about the optimal breakdown between mandatory and voluntary contributions in health care funding?

Should funding for dependence and health care integrate inter-generational equity? If so, at what level?

What commentary can be made on the determination of the optimal level of public health spending (first in its totality and next in its public component), i.e., the percentage of GDP that society is willing to dedicate to health spending?

3.2 Pension Funding:

As pension schemes involve a transfer from one generation to another is it possible to accurately assess the level of inter-generational equity? Critiques of Auerbach and Kotlikok's generational accounting model are welcome as are empirical studies of the concepts contained therein explaining how they operate at the level of individual countries. What can be said of the need to take into account inter-generational equity in the funding structures of pay-as-you-go pension schemes (should pre-financing be introduced by cohort, and if so at what level)? Looking beyond issues of mere fairness is government spending on social protection (pensions and health care) actually stifling long-term growth prospects (by sacrificing necessary investment in education and infrastructure for future generations)?

What measures can be taken to adjust policy settings to account for disparities in life expectancy between men and women or between different social classes?

How can pension schemes integrate economic indicators such as interest rates or rising productivity into their foundations?

3.3 Social and Individual Responsibility:

Looking at differences in replacement ratios as they exist across various state pension schemes would be fruitful as would a closer look at the modalities of care for dependent individuals (children and seniors). To take one example, the average worker with an

uninterrupted professional career can expect to receive less than 40% of his or her earnings in Canada or the United States upon retirement compared to over 66% in France or the Netherlands. What rationales and justifications have been provided to account for these disparities (public preferences, historical constraints and path dependency, different levels of primary income inequality pushing the average citizen to favour alternative degrees of redistribution)? How do normative approaches contribute to the understanding of these questions?

From another angle, a look at differing family policies would also be illuminating. In some countries support is directed largely toward the most disadvantaged children and excludes wealthier households whereas in others, such as France, allowances and benefits are based on the principle of universality (whatever the level of financial resources). What explanations can be provided on these divergences; what effects have they had on redistribution; and how can normative approaches be taken to understand the foundations of the resulting policies?

3.4 Globalisation and Social Protection:

Are social transfers and income redistribution sustainable in a globalised economy that encourages free movement of workers, (taking into account the fact that the link between social contributions and benefits has become less obvious)?

Do ambitious social protection policies still have a role to play in a globalised economy where goods and capital circulate freely and where fiscal competition could eventually favour countries with weak social protection policies (either through attracting massive foreign investment as in pre-2008 Ireland, or, in a charge that has been levelled at some developing countries, through keeping labour costs artificially low)?

Finally, what roles have international institutions (OECD, ILO, WTO, Council of Europe) played historically (or currently) to encourage an eventual convergence in social protection policies across the developed world?

Further information on the contents of this call for contributions can be obtained by contacting Michel Grignon, co-editor of the RFAS charged with drafting this issue at:
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Authors who wish to submit a paper on this question are requested to send it to:
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Before 1 September 2012.

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