

# H-Net Reviews

in the Humanities & Social Sciences



**Gabriele Metzler.** *Der deutsche Sozialstaat: Vom bismarckschen Erfolgsmodell zum Pflegefall.* München: Deutsche Verlags-Anstalt, 2003. 269 S. EUR 22.90 (cloth), ISBN 978-3-421-05489-0.



**Reviewed by** Larry Frohman (Department of History, SUNY Stony Brook)

**Published on** H-German (August, 2005)

In the 1970s, the West German welfare state was plunged into a multifaceted crisis from which it has yet to emerge. Metzler's goal in this book is to illuminate the nature of the present crisis through a historical account of the development of the welfare state from the 1880s to the present—and to do so in a way that will make both this history and the debates that have dominated policy circles in recent decades accessible to a broader non-specialist readership. Metzler frames her study by arguing that the welfare state was an integral element of the project of modernity, but concludes that this crisis may very well be a terminal one because the crisis reflects both the contradictions of this modernist project and the exhaustion of the utopian energies that sustained it for nearly a century.

Metzler sees the formation of the social state as the product of a synergistic relationship between mechanisms of social security and mechanisms of political legitimation, which—in the form of ideologies of justice and the common good—produced the social integration of the working classes that in turn provided the moral justification for the further expansion of these mechanisms. And the present crisis of the welfare state can perhaps be best understood as the transformation of the virtuous circle into a vicious one.

The basic mechanism of social security in Germany

has been social insurance. Since Metzler does not link the creation of social insurance in any integral way to Bismarck's political agenda or the problems of the era (beyond the obligatory though no longer so generally accepted reference to social insurance as the carrot to complement Bismarck's repressive policies towards Social Democracy), the question is why was social insurance so crucial to the formation of the welfare state? According to Metzler, the emergence of a society organized around industrial wage labor set in motion a positively-valORIZED process of individuation, which freed the individual from the constraints of family, church, and community, while at the same time creating the need for new forms of social security to replace those that had been provided by these institutions. A system of social insurance sponsored by the government as part of the inner consolidation of the territorial state created in 1870-71 was, Metzler argues, an ideal means for responding to this situation. Not only did the graduation of insurance benefits according to work, contributions, and productivity promote this process of individuation. It promised to do so in a way that would integrate the wage-earning classes into society by providing them with a greater degree of social security—and doing so in a way that would be more appropriate to the new forms of economic and social life associated with the rise of a market society.

This understanding of the role of social insurance in

the formation of the social state leads Metzler to eschew an account of its historical genesis (and of social policy paths not taken) during the classical period of this modernist project that stretched from 1880 to 1930. Instead, she provides a detailed description of the principles and organization of the major social insurance programs, which she describes as the “genetic code” (pp. 20–21) of the German system of social security. She then traces the subsequent expansion of social insurance to provide new segments of the population with a greater degree of security against a steadily broadening spectrum of risks associated with industrial wage labor. The problem is that Metzler’s reasons for adopting this approach to the history of social insurance are not embedded in her historical chapters, whose interpretive perspective only becomes clear after reading the theoretical section that follows (pp. 87ff.).

For Metzler, the war and the revolution were a pivotal moment in the formation of the welfare state. If before the war the nascent social state had been authoritarian and paternalist, then the recognition of collective bargaining and the development of new forms of industrial democracy and social self-government by capital and labor during these years gave the existing mechanisms of social security a greater degree of popular legitimacy by transforming them into social rights associated with citizenship. The problem was that the subsequent involvement of the state in mediating industrial conflict in an increasingly polarized context politically overburdened the Weimar state. Metzler lays out the fateful consequences of this development for the Weimar welfare state, and then in the following chapter provides a brief account of Nazi social policies, where she adopts a qualified position in the debate over the modernity of the Nazi regime.

The middle section of the book examines how social policies in east and west forked off from a shared tradition after 1945. While the Leninist ideology of the SED had predictable consequences for the role of unions in representing workers’ rights, the emergence of labor as the core element of individual and national identity in the workers’ and peasants’ state affected the development of social programs in East Germany in four ways. First, the regime drew on preventive social hygiene and occupational medicine that had been developed in the Weimar Republic and earlier to construct a public health system that relied on polyclinics to promote health and productivity; then, the factory became the basic unit for the provision of social services to secure the productivity of its workers (in a manner reminiscent of the pre-war conservative vision of the factory as a “work commu-

nity”); third, social policies were implemented to facilitate the maximum participation of women in the workforce (though without coming anywhere near compensating for the double burden); while finally, the elderly were the losers in East Germany because this productivist emphasis undercut the justification for providing generous pensions to those persons who were no longer actively involved in the productive process.

West German social policies were the mirror image of what was happening across the border: the preservation of insurance programs based on wage labor (including an insurance program to compensate for the social consequences of sickness rather than a national health service to promote health), maternity programs designed to discourage mothers from working outside the home, and the 1957 pension reform that is the pivot of Metzler’s narrative and the saddle point in the fortunes of the welfare state. The 1957 pension reform substantially increased the level of old-age pensions by linking them to productivity, the price level and overall prosperity, rather than past contributions. This pension reform symbolized the partial breakthrough of a new conception of the welfare state in Germany. The Bismarckian system of preserving social differences by graduating benefits according to wages and contributions can be contrasted with both the social security systems of Britain and the United States, which provide only an existence minimum, but which do so to all citizens regardless of work history, and those of the Scandinavian countries, which are more committed to income maintenance and the active promotion of social equality and broader enjoyment of public goods. The 1957 pension reform marked a break with the principles of contributory insurance in the name of a generational contract between the old and the young and a commitment to the active promotion of welfare and the more equitable distribution of collective goods. However, it left unanswered the unanswerable question of how the greatly expanded social costs of this new conception of welfare could be met through contributory financing.

The 1950s and 1960s marked both the high point of the welfare state and the transition to an era of structural crisis, whose analysis is the subject of the final section of the book. Here, Metzler argues that the crisis of the German welfare system is a terminal one because its genesis and *raison d’être* were inseparably bound up with the existence of a society based on industrial wage labor—a social formation that, along with the first modern era itself, was being brought to an end in these decades by the advent of postindustrial society (p. 190). For Metzler, the crisis of the classical welfare state is threefold: economic,

political, and socio-cultural. It should be obvious that the solvency of the post-1957 welfare state depended on certain presumptions regarding the aggregate employment level and the age structure of the productive population. Metzler argues that the fiscal crisis is terminal for two reasons: the Keynesian dream of full employment that underlay the post-1945 expansion of the German welfare state has proven to be an illusion, and a paradox has emerged in which the success of the welfare state in increasing health and longevity has led to unsustainable levels of spending for long-term care of the elderly. The 2000 pension reform bill represented an attempt to escape from this paradox by reverting to a contributory system of financing most (though not all) of the costs of long-term care, a measure that potentially marks a retreat from the more expansive vision of welfare that underlay the 1957 pension reform. However, Metzler is reticent (p. 206) in her assessment of the ultimate significance of this approach for the future of the welfare state.

The political crisis of the welfare state has been conceptualized in terms of “ungovernability,” a concept which has been deployed by both left and right since the 1970s. If the development of the social state was driven by the optimism of experts, officials, and social scientists concerning the ability of the institutional state to intervene in social relations in order to engineer a more harmonious society, for Metzler the phenomenon of ungovernability reflects the fact that modern society has become so complex that unintended, unforeseeable and undesirable consequences of state social policies have fundamentally diminished the ability of the state to successfully and efficiently manage the increasing number of social problems that it is charged with solving. Or, in other words, ungovernability is an expression of the frustration generated by the experience of the limitations of the modernist project.

But it is Metzler’s account of the socio-cultural crisis of the welfare state that is most interesting, for it is here that one can see most clearly the breakdown of the synergistic relationship between social security and political legitimation. Here she describes how demographic developments are opening the door to new forms of social conflict by undermining intergenerational solidarity. Moreover, while the very idea of old-age insurance

was based on a certain notion of the “normal” working life, Metzler argues that this pattern has been permanently disrupted by a number of developments (notably the flexibilization of work and the continued individuation of life-projects made possible by modern mechanisms of social security) and that the cumulative effect of these developments has been to weaken traditional class solidarities and generate new, distinctly post-modern social inequalities while at the same time diminishing the commitment to social partnership and its promise of the continual reproduction of social solidarity. Though she does not put it in quite these terms, Metzler argues that the socio-cultural crisis of the welfare state is a result of the victory of the individuating tendencies of the capitalist market over the mechanisms of social solidarity that were forged at the turn of the twentieth century precisely in order to contain these forces (pp. 229ff.).

And in conclusion Metzler describes how all of these crises are being made both more intense and less manageable by globalization. Borrowing a note of pathos from Jean-François Lyotard, Metzler sees the present crisis of the welfare state as the end of one of those “grand narratives” upon which the modernist project has relied to justify its utopian aims (p. 235).

One should probably both admire the speculative energy that led Metzler to her pessimistic conclusions and display a certain amount of skepticism towards these conclusions, especially in view of her uncertainty regarding the long-term implications of the recent pension reform and her inability to provide a more concrete description of the “radical solutions” (p. 245) that she feels necessary to move beyond the crisis of the social state and the straightjacket of globalization. It is also worth pointing out that Metzler does not draw on the substantial body of literature that explores the role of social insurance in constructing the normal, industrious and healthy worker, which may well have strengthened her argument, and that she also ignores important recent work on gender and welfare state regimes, which would only have fit much more obliquely into her story. In any case, it is clearly worthwhile to engage with Metzler’s analysis of the systemic crisis of the welfare state and the historical account that underpins it.

If there is additional discussion of this review, you may access it through the network, at:

<https://networks.h-net.org/h-german>

**Citation:** Larry Frohman. Review of Metzler, Gabriele, *Der deutsche Sozialstaat: Vom bismarckschen Erfolgsmodell*

*zum Pflegefall*. H-German, H-Net Reviews. August, 2005.

**URL:** <http://www.h-net.org/reviews/showrev.php?id=11104>

Copyright © 2005 by H-Net, all rights reserved. H-Net permits the redistribution and reprinting of this work for nonprofit, educational purposes, with full and accurate attribution to the author, web location, date of publication, originating list, and H-Net: Humanities & Social Sciences Online. For any other proposed use, contact the Reviews editorial staff at [hbooks@mail.h-net.org](mailto:hbooks@mail.h-net.org).