

Welfare State

The **welfare** state describes a variety of political practices and processes related to the arrangement of a **social** and economic order within a polity. It is relevant for global studies from at least four perspectives. First, it is embraced by many states as a conscious normative order for the organization of **social** justice and equal opportunity. Second, it is criticized as an obstacle for the self-regulating forces of the free market within a state as well as globally from one variety of liberal thought. Third, it is challenged by global market forces. At the same time, fourth, it serves as an exemplary way of regulating the **social** and has been appropriated as a form of internal political regulation by non-Western countries since the end of World War II and increasingly since the end of decolonization.

The term **welfare state** was allegedly coined in 1941 by Sir William Temple in Britain in his description of the difference between National Socialist Germany (a warfare state) and British society (a **welfare** state). As in other Western countries, liberal economic orders were increasingly reined in during the 1930s by a conscious regulation of the **social** as well as a conscious integration of **social** interests into the taxation and redistribution logics of industrialized countries. The New Deal of the United States is a good example of a conscious reorganization of the state by incorporating the **social** dimension and striving for a more socially just political organization by strengthening trade unions and other interest organizations. Since the end of World War II, the term **welfare state** has become a synonym for the different ways in which societies aim to provide **social** justice and practice the redistribution of taxes, which constitute the main way of financing the **welfare** state. In this entry, the general concept and the historical emergence of the **welfare** state are described, together with its main variants, before the four aspects of the **welfare** state in relation to global studies are presented.

The Origins of Welfare

Absorbing **social** tensions through democratic deliberation and financial redistribution is one of the key elements of any **welfare** state democracy today. The origins of this practice of **social** organization lie in the 19th century. **Welfare** states today mostly combine a liberal market economy based on free trade with conscious government intervention into the market through taxes, regulations, redistributions, and interest negotiations. This way of organizing the economy within a polity is called *mixed economy*, and the **welfare** state has a bearing on modes of production and consumption because of its conscious agency in the market. The goal of government agency is to secure **social** stability while supporting economic growth.

The practice of mixed economy within the borders of a political economy emerged in European states in the late 19th century. As a first step, many countries in Europe passed poor relief laws to control the increase in mostly urban poverty. The second and decisive step lay in the conscious organization of **social** interest within the European nation-states beyond the mere compensatory understanding of **social** support. All nation-building processes in the 19th and 20th centuries have had, and still have, the **social** question, **social** justice, and negotiations about the right balance between rights and duties of citizens as core elements. Thus, taxation has been understood not only as a means to enable the state to guarantee the security, property, and rights of the citizens but also as a tool to organize **social** solidarity.

Otto von Bismarck, the chancellor of Prussia and the German Empire, passed the first so-called **social** legislations in 1883 and 1884, insuring employees against sickness and accidents. Shortly before, Bismarck had

passed a law against socialist tendencies; the introduction of **social** insurances was an effort at alienating workers from the growing **social** democratic and socialist parties. The introduction of the **social** state, which was soon copied in many other countries, was a political process, not an idealist vision, of negotiations of **social** justice within a nation-state, forming bonds between actors and their interests within a state and stabilizing the **social** order during the nation-building process. A basic precondition of all actors and all political interest remains, however, the agreement about the necessity to organize society based on a conceptualization and political implementation of equality and justice. Consequently, global variations of the **welfare** state reflect each polity's individual political negotiation of the institutionalized relations between state, society, and citizens.

The fundamental logic behind the claim for **social** redistribution and **welfare** for all members of a polity was the insight that freedom remains without substance in the absence of property. Without a minimum of **social** security, citizens are not able to participate in **social** and political processes in a fully independent manner. All members of a polity can enact freedom only when no member of the polity suffers from poverty and constant insecurity and is given an equal chance to pursue his or her goals.

Debates about the nature and degree of **social welfare** provided by the state and its institutions have been a key part of political negotiations since the emergence of the **social** state, leading to very different forms of the **welfare** state. The German term *Sozialstaat* (**social** state), existing in the political discourse since roughly 1870, has not been translated into foreign languages or their political cultures. The only effort to introduce the direct translation into the English discourse failed at the beginning of the 20th century. In Denmark and Sweden, foundations for today's **welfare** state were laid in the period between the 1910s and the 1930s, manifested strongly in the 1930s when Denmark's **social** democrats became the strongest political force, and Sweden's *Folkhemmet* (people's home) was introduced in 1936 as a result of the negotiations between trade unions and large corporate companies.

Like Denmark and Sweden, France, Spain, Portugal, South Korea, Japan, South Africa, the Arab oil-producing countries, and other states such as New Zealand and Argentina have implemented the conscious regulation of the **social** in different ways, all of which revolve around the organization of adequate income, health care, housing, education, and employment for the citizens of the respective country. The five "giant evils" of squalor, ignorance, want, idleness, and disease were identified by Sir William Beveridge in his groundbreaking 1942 report to the British government, which formed the foundation of the National Insurance Act, the National Health Act, and the National Assistance Act from 1948, inaugurating the British **welfare** state after World War II.

Most **welfare** states are characterized by the conscious struggle for rights by workers or women. Historically, western European countries and the United States embraced the concept of the **welfare** state; it became a key concept for the expression of **social** justice by the 1930s, then more consciously after World War II, when full employment and a more socially conscious, liberal economic order emerged as a practice of **social** cohesion and security against the backdrop of the socialist alternative that guaranteed job and family security for all. Before World War II, **welfare** states found their implementation not just within a democratic order but also in authoritarian states, such as National Socialist Germany, whose corporatist structures were studied and appropriated, for example, by Japan. In many ways, the Soviet Union can be described as an authoritarian **welfare** state as well, albeit not as a mixed economy but a fully planned economy.

Any typology of the **welfare** state remains a simplified model. Broadly speaking, two variants can be pinned down: the minimal **welfare** state and the maximal **welfare** state. The first type, often referred to as the *liberal welfare state* or *competition state*, describes a notion of **welfare** that is providing not more than is deemed to be necessary or possible for those members of society in dire need of support. It is a form of **welfare** that sees the state as a mere provider of security when citizens are not capable of supporting themselves any longer. The second type, often referred to as the *Nordic* or *Scandinavian model*, is a **welfare** state that is proactive and consciously cares for all of its citizens from the day they are born to the day they die. Proactive job markets as

well as a high percentage of taxes, often reaching more than 50%, characterize these variants of the **welfare** state.

Danish sociologist Gøsta Esping-Andersen proposed three typological variants of the **welfare** state: the liberal, minimal **welfare** state, which reacts to market failures and helps those who are unemployed or unable to work; the **social**-democratic, maximal **welfare** state, which follows a citizen-based logic rather than a working life logic; and the corporatist **welfare** state, which is also a premarket variant of the **welfare** state and originates from a more conservative political practice, for example, the German **social** insurance model emerging in the 19th century.

The realities of the **welfare** state are much more complex, however, and especially from a global perspective, forms of **welfare** for the citizens of a state escape models based on the European and North American experiences. The key conceptual commonality is the conscious effort of a political organization to mold a political economy that can successfully manage the **social** question and provide **social** stability.

The Welfare State as a Normative Order

In the 21st century, the **welfare** state is an established political concept and **social** reality. It has gained normative qualities despite the absence of a political theory of the **welfare** state—in opposition to abundant theories of the emergence and possible convergence of **welfare** states—that has not been further developed since Niklas Luhmann's first effort. The **welfare** state serves as an ideal normative order in debates about the internal layout of society, including questions of full employment, minimum wages, child care, working hours, pensions, and other core elements of **social** security. It has become transnational practice of any given state to screen the success of other states and the way they organize **welfare** as a possible model of best practices. By this transnational screening, the **welfare** state has become not only a model to emulate but also a concept of normative self-description within a nation-state describing a national identity that is globally related to other **welfare** states. This holds true for established and highly differentiated **welfare** states as well as for developmental **welfare** states such as South Korea and Taiwan. Both states embrace the idea of the **welfare** state and employ this idea in their own political and **social** contexts.

In opposition to the negative example of the exclusive authoritarian **welfare** states of nondemocratic regimes, the inclusive democratic **welfare** state evolved as a normative order that provided **social** security and personal happiness for the citizens. *Inclusive* here refers to the role of the citizens in the political process, which is conceptualized as participatory. Citizens are not merely compensated for their grief or for their pitiful personal situations; they are not passive recipients of **welfare** but rather active voices in the formation and dynamic development of the **welfare** state. Following the end of the Cold War, this democratic and inclusive version of the **welfare** state increasingly became a normative order and a best practice example for the implementation of civil and human rights in a **social** organization that allows all citizens to claim rights, formulate demands, and actively participate in the decision making about the nature and goal of **welfare**. Ideally, thus, the **welfare** state has become the successful combination of capitalism, democratic participation, and **social** solidarity. In this vein, it is not only intrinsic to contemporary advanced democracies but also a normative goal for developing **welfare** states.

Welfare states as normative orders are dynamic. They change and adapt according to the agency of citizens and their formulated interests as well as through necessary adaptations of **welfare** schemes to the overall economic situation. Because of this, **welfare** states move their normative horizons constantly, tying new discourses and demands into their identities and defying assumptions of a necessary convergence of all **welfare** states.

Nevertheless, some **welfare** state models have become ideal types. The German version of the **welfare** state, called the **social market economy**, was actively promoted by German politicians following the financial crisis of

2008 on a European and a global level as a successful and sustainable way of integrating market forces into a stable **social** structure. The Nordic countries actively promote their version of the **welfare** state on a European and a global level, as well, through their developmental aid. These countries promote it as an ideal order in which human rights, gender emancipation, and democracy are fulfilled in the best possible way. The Danish concept of *flexicurity* has also had an international, especially European, impact when the high flexibility of the job market is cushioned by a high level of **social** security, combining flexibility and security. On a very practical level, this means that almost all jobs in Denmark come fully socially insured and mostly unlimited temporally, while Danish employers can fire their staff on short notice. The concept of flexicurity was adopted by the European Union in 2007 and poured into a set of European flexicurity principles in 2008. The concept furthermore informs today's European Employment Agenda as a key element and serves as a guideline for labor market reforms in the European Union, according to the Europe 2020 strategy. Furthermore, the European Commission has launched an initiative titled Mission for Flexicurity to promote the concept on the national level.

The Welfare State as a Market Obstacle

Although the **welfare** state is an established form of organizing national societies within a global market economy, it is not without critics. After the end of the Cold War, particularly during the 1990s, neoliberal economic thought was highly influential, and the **welfare** state appeared for a time to belong to the past. Free trade should be global and free. Thus, any active government agency within a market was regarded as an obstacle for the free market and would hamper the establishment of a globally integrated economy, which would be the basis for a sustainable **social** order based on the individual that acts in a global market. **Social** ties and stratifications would need to follow the market in order to provide continuous growth and market equilibrium. Here, the liberal Asian economies such as Singapore, South Korea, and Taiwan would serve as examples. Globalization and its economic basis would bring prosperity and growth to all only if single states or regions eroded their tariff walls and their **welfare** regulations. Privatization and deregulation would set market forces free, providing growth that would be the more sustainable contribution to **social** peace. With Milton Friedman, many theorists and politicians in the 1990s believed that economies should be disembedded from the state and the **social** and that the best thing governments could do for their societies and **social** security would be to unleash all market forces and to act as a mere umpire enforcing a legal order, but not a **social** order. To radical liberals, even the minimal **welfare** state constitutes an obstacle for the market. In this variant of the liberal logic, the **welfare** state becomes an element of closure against the world economy. The closure of national economies to protect home markets and jobs is related to the **welfare** state as a form of **social** organization that would be prone to close itself off against globalization.

The Global Challenges to the Welfare State

Indeed, in the 1990s and until recently, it was generally accepted that the **welfare** state would need to roll back in order to enhance the competitiveness of nation-states. The **welfare** state was considered a part of the Cold War, unable to survive in a global economy in which production processes as well as consumption patterns would change dramatically and capital could flow freely where labor could not. The reaction of **welfare** states, especially of smaller political economies, against their vulnerability toward global trade flows was, and still is, mainly twofold and is described by Herbert Obinger and colleagues as domestic compensation and domestic defense. The first strategy relates to an emerging **social** solidarity among citizens in relation to an open economy. The society would, through enhanced solidarity, find common ways of compensating the global risk. The second strategy of **welfare** states to defend themselves against the impact of global trade is, as has already been the case since the 1930s, to close trade flows and embrace a policy of trade protectionism as well as restrictive immigration, which would protect the members of society from the mobility of both foreign capital and foreign labor. In such situations, smaller economies strive to reach agreements with larger economies in relation to a privileged access to their markets.

Through political restructuring, the **welfare** state has managed to remain successful as a **social** order. And

whereas some of the restructuring tools and policies show similarities and convergence, for example, by focusing on the supply side of the economy, the political agency in each **welfare** state is markedly different and the supply-side policy is implemented in various ways. Contrary to most expectations, small economies have shown a remarkable resilience against economic crises and globalization effects, and larger economies have not given up on **social welfare** but have adapted their redistribution patterns to global economic changes.

Certainly, global economic changes have an impact on the **welfare** state, and the changes induced reflect new necessities. The general economic strategy of some countries changed, leading to the introduction of new industries or the support of new technologies while older forms of industry were closed down. These structural changes go hand in hand with a new focus on the demands of the job market in general and the adequate education furthered by the **welfare** state in particular.

Global Appropriations of the Welfare State

While the **welfare** state was and is in many cases appropriated voluntarily today, post-World War, late colonial history was characterized by a phase of conscious construction of **welfare** state structures. These late colonial efforts were markedly different than the ones implemented in South Africa in the 1920s, which was a racist **welfare** state for the White population only, protecting the White worker from mobile and flexible Black labor. In the case of the British Empire, for example, this second colonial occupation, as it is sometimes called, saw the introduction of a wave of experts into the institutions of colonies in order to begin the process of **social** engineering successfully carried out in the European metropolis to enhance colonial competitiveness, productivity, and political stability. Against the backdrop of their rapidly decreasing possessions in Asia, European colonial empires focused on Africa, and, in most former British and French colonies, the concepts of development and modernization were coupled with **welfare**. The conscious organization of labor and work relations in a socially secure system was part of the colonial project for the creation of a modern Africa that would move successfully into an industrialized and pluralistic **social** setup and remain a reliable trade partner once decolonization was complete.

Importantly, these introductions of the **welfare** state in former African colonies were done for the Africans, or rather to the Africans, not by them. In the 21st century, African nations, as well other formerly colonized countries, embrace the notion of the **welfare** state more consciously and through their own agency. **Welfare** is still coupled with the concept of development, but it has moved from being part of a modernization and industrialization discourse to being part of a discourse on sustainable development coupled with the establishment of a legal order, human rights, and the democratic and inclusive participation of all citizens. The **welfare** state as a normative ideal is thus appropriated today in the context of representing a best-practice example for the successful installation of equality and **social** justice.

For global studies, the **welfare** state remains an important phenomenon and unit of study as it represents a subunit of global economic as well as legal regimes. Rather than eroding during the process of globalization, the **welfare** state has proven to be a flexible and dynamic political structure. Emerging from western Europe in the 19th and early 20th centuries, it is today a globally appropriated **social** order and will remain key for the regulation of national **social** struggles and strategies of embedding the economic and the **social** in a field of tension between global transnational economic and legal relations and national **social** and political organization.

—Hagen Schulz-Forberg

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