

What does comparative study of welfare provision in Europe tell us about the welfare system in Britain?

Welfare provision emerged with urbanization, industrialization (Bryson, 1992) and is an integral part of any capitalist society (Gough, 1979). When comparing welfare provision cross-nationally, on a macro level the welfare systems do not appear all that different (Bryson, 1992), but with closer examination they are profoundly different. The only similarities that can be detected from one welfare system to another are, history, culture, demography, politics and economy, these are the influencing factors of all welfare systems (Greve, 1983). This essay will discuss comparative studies of welfare provision in Europe with a view to finding out why the British welfare system assumes its current position. The essay will discuss Germany and Sweden specifically, looking at Germany's conservative approach to welfare and Sweden's socialist view, considering Esping-Anderson's (1998) welfare regimes model and looking at the history of both countries welfare systems. It will then consider the stages which the British welfare system has gone through to reach its current form and try and understand why, with consideration of welfare provision in Germany and Sweden.

Welfare provision in Germany has been termed; middle way social policy (George, 1996), and conservative corporatist welfare (Esping-Anderson, 1998) with its Christian, Social and Free Democratic Party roots (Ginsburg, 1993). The 'social state' of Germany began in the late 19th century when Bismarck was concerned the political left would

oppose his place in power, he decided to introduce welfare provision into Germany to gain support from the left (Esping-Anderson, 1998). Bismarck's basic idea was that people who were in work would pay into a scheme and this money would be distributed back to the poor (Ginsburg, 1993), he introduced the world's first State Social Insurance Scheme in 1883 (Bryson, 1992). The welfare system was about the basic needs of the state, with individuals helping themselves, the state would only intervene if it was absolutely necessary (Ginsburg, 1993). It was upon this base that Germany placed the future of welfare provision.

Between 1950 and 1970 Germany's welfare system started to take shape. Interested in individual well being, the Christian, Catholic and Trade Unionists sections of the Government were introducing policies to increase job security (George, 1996). The neo-liberal ideas of strong market economy, individualism and democratic culture paired with the egalitarian approach to policy saw very distinctive priorities forming, of liberalism, conservative reformism and Catholic social ethics (George, 1996). These priorities allowed the German Government's Social Insurance Scheme to promote a strong work ethic and individual self-help, keeping individuals secure and predictable and because the employer as well as the employees financed the Insurance Scheme (Esping-Anderson, 1998), it allowed for administration to be decentralized (George, 1996). So by the 1970's Germany enjoyed full employment because of this partnership between employers and trade unions. The Insurance scheme allowed individuals to feel secure because they had access to health care, although they had to pay for some aspects of health care privately,

housing allowances were introduced for low-income families and the old age pension scheme was fully implemented.

The welfare provision of Sweden is regarded one of the most comprehensive welfare systems in the world (Greve, 1983), providing all of its citizens with a very high standard of living and full employment (Esping-Anderson, 1998). The Swedish welfare system can be attributed to the Social Democratic Party who, because they remained in power for a great number of years (Ginsburg, 1993), were able to build up the largest and most expensive egalitarian welfare system (Ginsburg, 1993). This kind of welfare provision came about very gradually, when there was a shift in ideology in the 1930's. The Social Democratic Party left behind their previously Marxist ideologies in favour of Keynesianism, with the objective of keeping Sweden in full employment and providing for those in need (Ginsburg, 1993). The 1960's and 1970's saw the most rapid development of the Swedish welfare system, this development shaped by two things, popularism and socialism (Ginsburg, 1993). The Social democratic party wanted their welfare policy to broadly appeal to all social groups allowing for coalition and compromise, and they also wanted the development of economic democracy, social equality and advancement of working class interests (Ginsburg, 1993).

Due to the Social Democratic Party adopting a Keynesian line of policy (Gough, 1979), this ideal did not come without its problems for Sweden. To achieve very high employment the Swedish Government had to ensure that there was demand in the economy, but in doing so not to create inflation (Jones, 2001). So for the Swedish

citizens to enjoy such a high standard of living they have to pay very high taxes (Greve, 1983), the system also relies on cooperation between trade unions, employers and the government (George, 1996). Swedish welfare provision has tried to build on the idea that an individual, does not take more than they have put in so to create solidarity limiting competition and inequality (Ginsburg, 1993).

Esping-Anderson (1998) developed a model of welfare regimes, within this model he found that there were three types of welfare regime; Liberal Welfare, Conservative Corporatist Welfare and Socialist Welfare, each representing the welfare systems of certain countries. Liberal welfare systems are usually based on means testing and provide limited social insurance schemes. Conservative Corporatist systems of welfare offer a more comprehensive scheme of insurance and keep redistribution to a minimum. Finally, Socialist welfare systems act more for the working class, redistributing benefits to the unemployed and sick. Esping-Anderson (1998) put Germany in the conservative corporatist regime because Germany's welfare system is based on an insurance principle and has its roots in Catholicism. Sweden was put in the Socialist regime due to their commitment to provision of universal welfare, however he does not put Britain in any one particular regime. Esping-Anderson (1998) believes that Britain tends to shift from the Liberal regime to a Socialist regime. This may be because of the number of different political parties which have served in government.

When discussing the British welfare system, it appears that other countries can be used to guide the discussion, many of the social reforms which caused social policies to be

passed occurred years after similar policies were passed in other countries or the reforms took a very different route from Britain. The British welfare system first began in the 19th Century, with industrialization taking effect and modernization within the agricultural industry; there was a huge increase in the landless poor and unemployment at large (Bryson, 1992). To deal with this situation the government in power at the time, favouring classical political Liberalism, centrally organized a comprehensive system of residual assistance, the first country to do so (Gray, 1998). In 1834 the New Poor Laws were introduced, they were a centrally regulated, uniform system of relief, these laws were an upgrade of the Poor laws of 1830 (Bryson, 1992), allowing the individual to remain free and equal in society (Pierson, 1999). The New Poor Laws were introduced so that when benefits were given they would be lower than the earnings of a labourer of the lowest class, to encourage individuals to work. In the 1890's unemployment policies were introduced along with policies regarding working conditions, health of the armed forces and introduction of school meals (Bryson, 1992). At this time in Britain, changes within the Liberal Party were occurring because of the pace at which Britain was changing, due to industrialization. The existing market systems could not solve complex problems that the industrialization of Britain were causing and therefore more state intervention was called for, the Government took on a more economic liberalist form (Hayek, 1976).

By 1908 Britain had introduced an insurance scheme for miners so that they could work less hours and by 1908, the Old Age Pension was introduced into Britain (George, 1996). In 1911 the National Insurance Act was introduced, which entitled individual workers in

the shipbuilding, engineering and construction industries to contribute to the scheme and receive benefits when they were ill or unemployed (Bryson, 1992). It was these laissez faire principles which allowed the market and society to operate at optimal efficiency (Hayek, 1976). After the Second World War welfare provision in Britain developed with a different tone, there was more emphasis on social democratic party policies and Keynesian philosophy (Pierson, 1999). In 1945 the Family Allowance was introduced and in 1946 a new National Insurance Act was introduced and this time it included workers from any profession (George, 1996). One of the most noted provisions within the British welfare system is the National Health Service, introduced by the Labour Party in 1948 (Bryson, 1992). The service was controlled by central government and provided individuals with a good standard of health care, and included free hospital use and G.P. service (George, 1992).

In 1973 there was a crash in the global economy which may have been a result of too much state intervention, the welfare system in Britain had over extended into so many areas, individuals were becoming far too dependent on welfare provision, and started to lack the motivation of self interest, it was here that neo liberalist ideas were pursued (Gray, 1998). Neo-Liberalism was a product of classical Liberalism and a reaction to Keynesianism (Hayek, 1976). Neo-Liberalists ideas of a strong market economy and individualism dominated in Britain throughout 1980 and 1990, essentially through the Thatcher Government. The changes in welfare provision at this time were due to the rejection of Social Democratic Party policies which were seen to lessen individuals freedom and erode society (Pierson, 1999).

After the Labour Party landslide victory in the 1997 General election, welfare provision and social policies did not radically change from existing policies of the Conservative Government. It is only since the Labour Party has had a second victory in the 2001 General election that ideas are beginning to shift. There are indications of a more liberal approach to policy making and welfare provision, evidence of this was shown in the recent speech from Prime Minister Tony Blair (www.labour.org, 2001) where it was suggested that increased spending for welfare provision would possibly, be met by increasing taxation rather than from private sector sources, as had been the prevailing policy of both the previous labour and conservative administration.

When comparing Britain's welfare system with welfare provision in Sweden and Germany, Esping Anderson's welfare regime model can be greatly understood. When discussing the British Welfare system it becomes very clear why Esping Anderson could not put Britain into a particular regime. This essay has demonstrated that Britain's welfare system has almost gone full circle and has virtually reverted back to its original principles, more liberal and more in favour of the cooperation between public and private spending. What can be learnt about Britain's welfare system from understanding comparative study of welfare provision in Sweden and Germany is that Britain has not found a welfare system that can sustain the continually changing market economy and social policy. Within Britain's welfare system exists, perhaps the better parts of welfare provision in Sweden and Germany, the more neo-liberal ideas which Germany have

adopted within their welfare system and the more socialist, Keynesian based ideas which exist in Sweden.

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