

3 MAJOR PROBLEMS AND DIMENSIONS OF THE WELFARE STATE

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It is important to distinguish the real problems of the Welfare State from those which are exaggerated to justify cuts in welfare spending.

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In spite of a rather general agreement that Western democracies can be labelled as welfare states — at least for the period from the end of the Second World War to the 1970s — the attempts to define the properties of welfare states are rather loose, various and depend on national traditions. Moreover, this task proves to be particularly difficult because the concept of the welfare state is considered to be both empirical and normative. If one wants to speak of a 'crisis of the welfare state'¹ or if one asks for what is 'beyond the welfare state' it is assumed that there are common properties that constitute a welfare state and that may now be in a crisis or a period of transition. In this paper propositions are made that challenge some basic assumptions about the welfare state and oppose to them alternative assumptions that may contribute to a better understanding about our actual problems.

Problems of Definition

As the work of various research groups shows² it is very difficult to ascertain a common pattern of the development of welfare states or to explain the genesis by single or even compound factor theories that prove to be valid on a comparative basis. This contrasts with the evidence that modern welfare states show in fact common properties despite certain variations in scope and institutional embodiment. This can be explained by the theoretical assumption that the welfare aspects of modern states are emergent properties that have developed in a process of trial and error. In an evolutionary perspective one may consider various historical

situations, socio-political movements and conflicts as challenges, and the responses of the already institutionalised forms of political power (in terms of, e.g., social legislation, repression or migration policies) as variations. The emergence of common properties calls then for explanation. If Western societies have adopted rather similar ideas and institutions for promoting what is called the welfare state there must be also common properties in the challenges that have acted in a selective way upon the variations in political responses. That is, we have to identify not only the answers that constitute the properties of welfare states but also the problems that were solved by these answers in order to understand what may be in crisis or transition now. From an ideological or programmatic point of view — and this is predominant in the current literature — one may summarise the dominant perceptions of welfare states as follows:

- (a) a state that provides economic security and social services for certain categories (or all) of its citizens;
- (b) a state that takes care of a substantial redistribution of resources from the wealthier to the poor;
- (c) a state that has instituted social rights, as part of citizenship;
- (d) a state that aims at security for and equality among its citizens;
- (e) a state that is assumed to be explicitly responsible for the basic well-being of all of its members.

If one considers the institutional counterparts to these programmatic definitions, one sees of course a multiple overlapping, as many institutions serve various of these goals. But there is also evidence that, in choosing one or another approach, one is led to different results with respect to the scope and the problems of welfare state activities. These definitions have in common that they do not define the properties of a state, but only of the welfare aspects of a state. If one speaks about Western democracies as welfare states additional properties of modern states are implied, e.g. democratic government, civil and political rights, constitutionalism, etc. These preconditions are not necessary for all of the above mentioned properties. From a constitutional point of view definition (c) deserves particular attention. It is incompatible with an absolutistic or totalitarian conception of the welfare state.

From an institutional point of view one finds in the Anglo-Saxon discussion a common understanding — that the welfare state

may be identified with the social services. In the German discussion the 'Sozialstaat' (a comparable, but already slightly different term) is identified with 'Sozialpolitik'. These assumptions are of course not wrong but superficial. They consider particular aspects as the whole thing. The whole thing we have to consider is the modern state performing not only functions of welfare but of, for example, defence, maintaining internal order, and political integration, too. There do not exist two separate entities: one called welfare state (Sozialstaat) and the other called constitutional state (Rechtsstaat), but it is the same government that decides about pollution control, full employment policy, defence and social security. Speakers and writers about the welfare state concentrate on an idea and the corresponding particular institutions as if they were isolated from the rest of the policies. *The services, however, do not or seldom constitute an integrated specific system, and the welfare functions of the state cannot be reduced to the operation of the social services.* Therefore I propose to speak not about the welfare state, as if one could take for granted that modern states are concerned primarily with the welfare of its citizens, but about the welfare properties or policies of modern states that may be differentiated in various dimensions. Thus a state can be said to have welfare properties to the extent that

- it takes explicit responsibility for certain aspects of the basic well-being of its members,
- this responsibility is not only a political declaration but institutionalised in the form of social rights that can be claimed by every individual entitled to,
- this responsibility materialises also in certain forms of political activities to improve the realisation of these rights.³

This definition tries to emphasize the *political* quality of state interventions that are legitimised by expected improvements of social welfare. It does neither assume that particular interventions are benevolent and beneficiary *per se* nor that social welfare can be maintained or maximised only by political action. However, the normative content of the welfare state concept is incorporated by assuming that social rights are essential correlates of state activities. Measures that may be retracted by governments or other public agencies without violation of individual rights do not exhibit the full quality of welfare *state* interventions.

Concrete states may differ with regard to their welfare aspects,

- (a) in the *ideological* dimension: as to the scope and limits of state responsibility for individual and collective welfare (there is some empirical evidence that in spite of sometimes hard conflicts about political preferences there is a rather high normative consensus about the dimensions of basic welfare or quality of life, on an international as well as on a comparative basis);
- (b) in the *institutional* dimension: as to the degree of state influence on the provision of services, the redistribution of wealth and the control of semi-public or private relationships (there is some evidence that this dimension transcends the welfare sector and that basic properties of various national societies have a strong impact here);
- (c) in the *organisational* dimension: as to the organised forms and the degree of centralisation/decentralisation by which certain social problems are treated (there is some evidence that the kind of state organisation has an impact on that dimension);
- (d) in the *performance* dimension: as to the kind and amount of resources allotted to different public programmes and the impact of public action upon changes in the life situation of various social groups (there is some empirical evidence that state intervention may have quite different impacts depending on the kind of social problem and on the kind of political intervention as well as on the kind and relationship of non-state organisations that are involved).

The Ambivalence of Welfare Politics and Policies

Theories about the welfare state normally assume that policies or services — that are said to be delivered in order to promote welfare — are motivated in fact mainly for that or similar altruistic reasons. It is a well-known source of grief that Bismarck promoted social security mainly to control the labour movement. Though this argument underestimates the real concern, even of Bismarck, with the 'social question', it is nevertheless correct that *political motives are operating as strongly as moral ones do when politicians make decisions on social reforms*. In the theory of fiscal policy, social services are called meritory goods, i.e. they are delivered not only for the satisfaction of individual needs (that could be operated by

market mechanisms, too). If there is any public provision of goods one has to assume that they have additional merits, i.e. they satisfy also collective needs. The expansion of educational services in the 1960s was motivated by the human capital theory and the 'sputnik-shock'. Moral arguments alone do not suffice to promote or to fight against cut-back of welfare expenditures. The collective utility of social services is an issue in social policy as well as the individual utility.

Another but related issue in welfare politics concerns the traditional assumption, that welfare measures always have benevolent effects. The argument against this assumption is twofold:

- (1) *Individual and collective utilities may become opposite.* If, for example, childcare services are not accepted by foreign immigrants it is questionable that they produce utility to them. But it may be nevertheless of collective interest to assimilate the children as early as possible to the country they are living in.
- (2) Even if the *ex ante* estimation of the overall effects of some measure of welfare is quite positive, *there is no guarantee that the real outcomes and impacts operate correctly in the way anticipated by the men who decided about it.* This is shown by the growing evidence of implementation and impact research in the social sciences. I propose therefore to substitute the assumption that the welfare measures of the state aim at promoting welfare by the assumption that they operate as an *intervention* which is *legitimised* by the promotion of welfare. Our starting point for analysing the welfare state is therefore not the concept of social services, but that of political and social intervention.

In the United States 'social services' designates the five main domains of welfare institutions — namely, education, health, income maintenance, housing and employment. In the English classifications the last domain seems to be regularly excluded. In the German context the literally corresponding term 'Soziale Dienste' is restricted to what is called sometimes the personal social services (cf. Kaufmann, 1980: 35). Books about the welfare state or about social policy normally differentiate along the lines of the mentioned five (or perhaps also four or six) domains of welfare institutions. This, however, obscures the fact that the operation of these institutions — e.g. of income maintenance and personal

services — produces quite *different* problems. To speak of 'social services' as if they were a homogeneous kind of public intervention makes a reasonable discussion of the conditions of effective public intervention impossible. For analytic purposes — and we need more analytic knowledge if we want to overcome actual inconsistencies in reasoning about the welfare state — I have proposed elsewhere the following classification of welfare policies (cf. Kaufmann, 1982):

- public interventions granting and protecting social rights (legal form of intervention);
- public interventions influencing the income situation (economic form of intervention);
- public interventions to improve the material and social environment (ecological form of intervention);
- public interventions to improve directly the competence of individuals (educational/advisory form of intervention).

Each of these forms of intervention (that may be found in reality often combined) shows particular conditions of effectivity and needs different forms of organisation. I can not go deeper in that issue now but I want to emphasise that, if there should be a crisis of the welfare state, the arguments advanced do not fit with all policies and their parts. We need therefore more analytical concepts for understanding what is going on in different domains of social policy.

Understanding welfare policies as part of government, or state activities, that are ambivalent interventions in already constituted social relationships unveils of course the simplicity of most arguments about the welfare state. Even if these policies are formulated by scientists, their intentions are mainly political and not analytical. The welfare state is until now more a political and moral than a scientific issue.

But what is gained by analytical sophistication? I think that it enables us to overcome the great words of pros and cons, of crisis and welfare, and to ascertain the domains where particular critics are applicable, without denying the success and enduring impact of social policy for the life situation of the underprivileged parts of society.

Let me explain that point by a few examples. In Germany critics of the welfare state crystallise in five concepts:

- *juridification*, i.e. the fact that human miseries and their treatments are regulated and hence altered by the forms of law;
- *bureaucratisation and centralisation*, i.e. the tendencies toward more influence of the central state and more inter-organisational controls and hence more rigid standard setting, loss of initiative and empathy, etc.;
- *economisation*, i.e. the tendency to consider social services under the aspect of costs only and not of their utility;
- *professionalisation*, i.e. the fact that social services are administered more and more by professionals cultivating their particular vision of life and social problems, thus degrading and deteriorating the knowledge of everyday man to meaninglessness.

Instead of bureaucratic and professional interventions, these critics call for self-help and mutual aid of non-professionals, for the reactivation of families and neighbourhoods or — to name it shortly — for a new solidarity. Relationships to the alternative movement are obvious. But there are also conservatives and liberals (in the German sense) that may be attracted by these critics.

Sociologists dealing with social policy in Germany have picked up that issue, and with financial help of two research foundations they co-operate since 1978 in exploring the inter-relationships of social policy and non-professional social systems.

One can show that the criticisms are of quite limited scope and demonstrate a manifest misunderstanding of the most important forms of socio-political intervention. They exhibit, however, some truth in the realm of the personal social services, e.g. in chronic diseases or in drug and youth problems (cf. Badura/von Ferber, 1981; Kaufmann, 1982a). Moreover, one can observe forms of mutual adaptation of both self-help movements and political bodies operating at the local level. A growing emphasis on the conditions of ecological and educational/advisory intervention results from that research, whereas legal and economic forms of intervention are bound necessarily (and without major inconvenience for their effectivity) to juridification and bureaucratisation.

The Public Production of Welfare in the Context of State and Society

If one speaks about a welfare state that, for example, provides services, one considers the state or the government as a single actor that acts in favour of the welfare of any part of the population. This perspective disguises the fact that only a variable part of the services regulated or financed by the state is administered by boards placed under direct governmental control. *Governments prefer to create semi-autonomous bodies or to subsidise and regulate already existing private bodies in order to promote the delivery of social services.* The names and the structures are quite different in various countries, but there is growing evidence on an international level that the welfare sector is one area where the newly defined species of political animal called 'Quango' (quasi-non-government-organisation; cf. Hood, 1983) is proliferating most actively. Moreover, insofar as the provision of welfare presupposes a personal contact between the service delivering agencies and the clients, a nation-wide decentralisation of these services is needed, which would make centralised control virtually impossible. If we want to understand the operation of what is called the welfare state, we should use a broader perspective.

Whereas the 'classical' functions of the modern state were centred around the problem of political order under the conditions of individual freedom, the welfare functions are related to problems that are not essentially state-related in character. German thinkers have therefore tried to conceive the problem of 'Social-Politik' as the mediation of 'state' and 'society' (cf. Pankoke, 1970). This refers to the famous distinction of Hegel (1821) between the state as the constitution of self-containing power, and the family and 'civil society' as the network of new economic opportunities. For Beveridge, full employment policy formed an integral part of the political welfare concept. Thus the concept of the welfare state has to include also assumptions about its relation to structures and processes of society if one really wants to conceive it as an entity that may be in crisis or in transition. Welfare state then becomes a kind of symbol for a pattern of societal integration by the means of the state that is assumed to operate, for example, as a kind of exchange between mass loyalty and increase in social welfare.

Effective intervention needs, therefore, new links between state

and civil society, *a mingling of public and private operations and issues*. In order to change the operations of existing social structures the state had to interfere in those operations and, hence, lost its autonomy. New corporatism is a school of thinking that tries to account for that fact. Instead of the state as a singular actor we have to consider, therefore, the production of welfare as a (partially contingent) result of networks of both governmental and non-governmental, formally public and private corporate actors (cf. Kaufmann/Majone/Ostrom, forthcoming).

Crisis of the Welfare State

From a more general point of view the emergence of the welfare properties of modern states is related to two paramount sets of problems:

- (a) the problem of providing goods and services for the satisfaction of basic needs, especially in the fields of medical treatment, care, education, housing and income;
- (b) the control of power relationships within society that emerge from differences of economic and social status (e.g. worker and consumer protection, lowering the differences of social groups/classes in terms of education and income).

These sets of problems have been named from a normative point of view as problems of security and equality. From a historical point of view most of the challenges that account for progress in social legislation stemmed from consequences of the development of a capitalist market economy. This development was the moving factor for the social changes which led to a deterioration in older forms of communal life. The emergence of the welfare aspects of modern states has thus to do not only with the immediate challenges of market economy but also with the more encompassing problem of *inclusion*, i.e. the problem of participation for everybody in every functional area of society. In this perspective the emergence of the welfare aspects of modern states is a consequent pursuit of the enlightenment programme, based on the experience that a strong separation of state and free economy would lead to social consequences threatening the maintenance of an existing political order.

Whereas the promises of the welfare state for social inclusion and internal peace have bound political interests for three decades after the Second World War, recently we have experienced growing tensions in welfare policies and disillusionment about the power and potential of the welfare state to perform its programme. We exclude from our considerations new challenges that may superimpose the welfare issues on politics, and concentrate upon new challenges within the welfare area:

(a) *Rising aspirations*: In democratic systems there seems to be a strong trend towards improvements of social benefits without respect to their efficiency, bearing on the assumption that people vote for parties or governments because they want more welfare.

(b) *Fiscal shortages*: The past expansion of social benefits correlated with a never before experienced period of overall economic growth. Economic stagnation restricts the fiscal realm of action and reinforces the propensity of individuals to withdraw from taxation or to exploit public provision in order to maintain an attained standard of living. Thus cut-backs in social benefits are probable and in general the struggle for distribution of the national income becomes sharper.

(c) *Efficiency gaps*: There is growing criticism of the performance of social services and a questioning of their impact for furthering inclusion and improving the life situation of the underprivileged groups. The main arguments are:

- services serve the middle classes more than they do the poor;
- state intervention furthers the bureaucratisation of services and renders them ineffective;
- new forms of social deprivation have emerged that will not be improved by existing forms of state intervention.

(d) *Side-effects*: Numerous critiques maintain that the expansion of the welfare function of the state has led to unanticipated and undesirable consequences, for example:

- the emergence of a 'distributive elite' and new power structures that are beyond democratic or judicial control;
- the lowering of motivation to work;

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- a constant tendency to inflation, and thus to a decline in economic growth as well as to an increase in unemployment;
- a decline in political loyalty of growing segments of the population that feel (for rising aspirations and/or for political reasons) in opposition to the existing modes of production and political action.

Whereas fiscal shortages are quite evident at the present time and are impinging on nearly the whole field of welfare activities, the other points mentioned deserve scrutiny as to what extent they are dominated by, and are necessary consequences of, welfare policies or they are only specific reversible tendencies. Insofar as the maintained side-effects are concerned, one may question the predominant causal relationships to welfare functions of the state. Several issues seem to depend more upon other factors of social change.

We maintain that the high variability of national solutions to the problems of social welfare and inclusion shows no uniform tendency to a 'crisis of the welfare state'. If there is any crisis in modern society (and I believe there has been crisis since its beginning!) its core is not the welfare sector. However, this may be affected by strains in other sectors of society, and it certainly shows weaknesses in some respects. Thinking 'beyond the welfare state' does not mean questioning the achievements of public responsibility for social rights, but, on the one hand, one must explore in more detail the necessary functions and operative limits of the state in providing social welfare, and, on the other hand, one must ask about the potential of political systems to find adequate responses to new challenges outside the problems of inclusion and individual welfare.

I shall close with an attempt to define the actual situation of Western societies with respect to their developed political welfare function. As already stated, I doubt if most of the charges against the welfare state — if true at all — stem from governments performing the welfare function, or from other developments within modern states and societies. Nevertheless it seems that the limits of problem solving of welfare politics and policies have become more apparent today. There are, first, limits in income redistribution, resistance to pay contributions and taxes (e.g. tax evasion seems to be growing). Second, problems of guidance, control and performance evaluation emerge, insofar as the welfare properties of the

state become systemic structures. The growing inter-dependence of entitlements and interventions may lead to counter-intuitive effects, impact of which is widely unknown. Third, some side-effects of administrative problem-solving become more apparent, as the already mentioned concepts of juridification and bureaucratisation show. Fourth, new social problems emerge as consequences of overall modernisation (e.g. drug addiction, loneliness of old people, failures in education or family disorganisation), and it seems that these problems are more resistant to classical forms of political-administrative problem-solving. Finally, some political measures that have proved to be quite successful in the past (e.g. full employment policy) seem to lose a part of their efficiency or effectivity. It is, however, quite an open question to what extent this argument is true. The main challenges to the state's welfare function actually stem from fiscal shortages due to decreased economic growth and growing unemployment. The latter is related also to the impact of demographic irregularities that act as strong, but often neglected, strains upon employment, as well as upon the needed size and costs of services (cf. Kaufmann/Leisering, 1984).

If these limits of socio-political problem-solving become more apparent, this will lead to a disillusionment about the welfare state. The so-called crisis of the welfare state seems to be not primarily an institutional, but an ideological crisis. If one considers the welfare state as a kind of civil religion, as the basis of truce between the big socio-political groups and as a basis of trust of the population in the legitimacy of political power, it may well be that these hopes for internal peace and eternal well-being are again waning, as so often in history. Economic and demographic challenges will doubtless lead to political strain and to an acerbity in the relations between various socio-political groups. The collective utility of welfare measures, then, may be assessed to be lower than in the past, and this may lower the support of the 'well-offs' to the services. These tensions may lead in some countries to changes in the institutional structure of welfare. Some minor changes may even improve the efficiency of welfare policy, but I doubt strongly that major cut-backs would be a very effective medicine for the illnesses of our time. I suspect that the withdrawal of support to the welfare functions of the state would lead to a deterioration of the regulating power of the state as such, and I confess that I can hardly imagine such a situation as progress, but only as a renewed outburst of human passions.

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Notes

1. A crisis that was — by the way — voiced by *The Times* as early as 1962, Cf. Marshall, 1965: 92
2. Cf. especially Hecló, 1974; Flora Heidenheimer, 1981; Mommsen, 1981; Köhler/Zacher, 1981; Alber, 1982.
3. Cf. also the general Declaration of Human Rights by the United Nations, art. 22-7.

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