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 disembodied 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 competiveness, 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

Further Readings


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