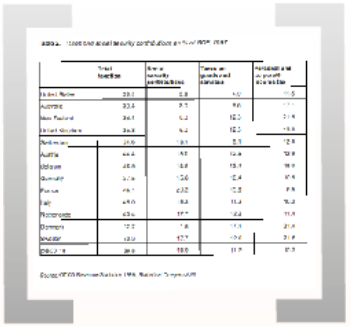


Liberal

Corporatist

Social democratic

The Welfare State

"... a society which is socially cohesive and which is democratic, in the sense of guaranteeing individual freedom"

Milton Friedman

Esping-Andersen's argument

Globalization and the Welfare State

European Welfare States under pressure

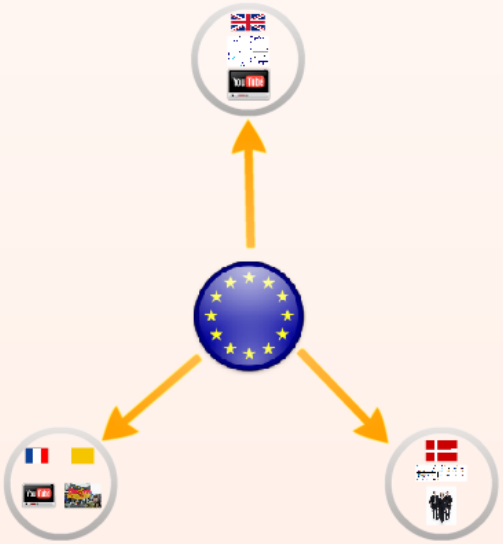
"In short, there is indeed reason to think that the postwar aspirations and achievements of welfare states committed to full employment, social security and social equality are seriously challenged by the new constraints on national policy choices that are imposed by the international and European integration of capital and product markets."

Source: Scharpf, 1999

Solutions?

Comparative advantage

Welfare "reforms"



SAVE
OUR
UNIVERSITY
UAW
EDUCATE

YouTube

The Welfare State

"... a society which is socialist cannot also be democratic, in the sense of guaranteeing individual freedom"

Milton Friedman

Liberal

Corporatist

Social democratic

The Welfare State

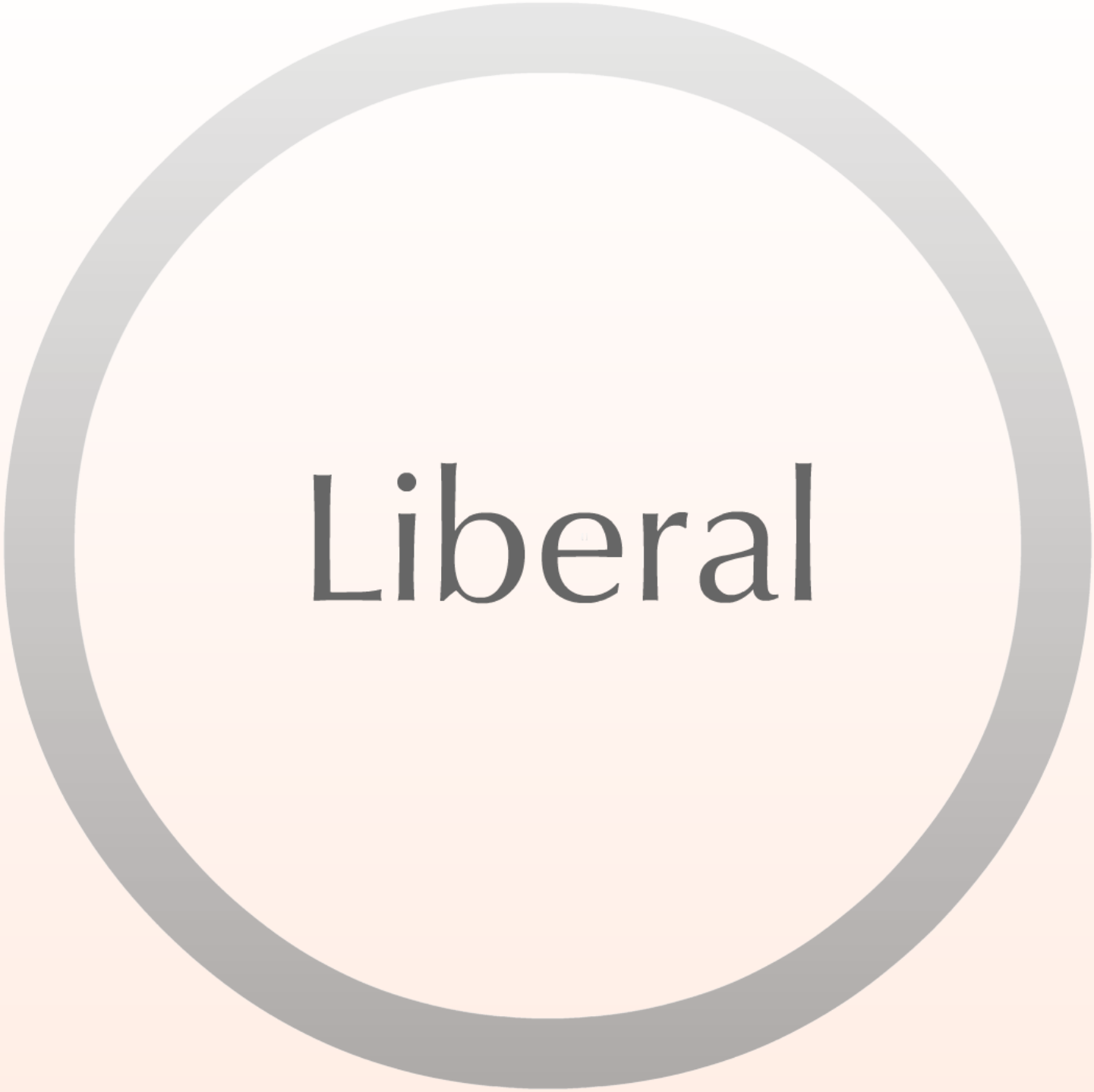
"... a society which is socialist cannot also be democratic, in the sense of guaranteeing individual freedom"

Milton Friedman

Esping-Andersen's argument

Globalization and the Welfare State

European Welfare States under pressure


Liberal

Liberal Welfare State

CHARACTERISTICS

- Designed to be economic efficient
- Benefits only given to the lower classes
- Market has a dominant position

OUTCOME

- Low benefits: Relatively meager unemployment and retirement benefits
- Unequal benefits: Poor rely on (low) public benefits, middle-class rely on (higher) private benefits
- Private sector priority: Pension, health care supplied by employer, requires participation in the market

CONSEQUENCES

- Flexible to growth demands
- High inequality
- Only benefits for the lower classes, making welfare unpopular to the middle class

Liberal Welfare State

CHARACTERISTICS

- Designed to be economic efficient
- Benefits only given to the lower classes
- Market has a dominant position

OUTCOME

- Low benefits: Relatively meager

OUTCOME

- Low benefits: Relatively meager unemployment and retirement benefits
- Unequal benefits: Poor rely on (low) public benefits, middle-class rely on (higher) private benefits
- Private sector priority: Pension, health care supplied by employer, requires participation in the market

CONSEQUENCES

- Flexible to growth demands
- High inequality
- Only benefits for the lower classes, making welfare unpopular to the middle class

Corporatist

Corporatist Welfare State

CHARACTERISTICS

- Designed to maintain order in society
- Level of insurance negotiatiated between labor unions and employers
- Cross-generational support system

OUTCOME

- High benefits: Generous unemployment insurance, retirement pensions
- Unequal benefits: Unequally distributed depending on occupation and contributions

CONSEQUENCES

- Reinforces traditional gender roles
- Emphasis on contribution history punishes labor market exit
- Reinforces social stratification

Corporatist Welfare State

CHARACTERISTICS

- Designed to maintain order in society
- Level of insurance negotiatiated between labor unions and employers
- Cross-generational support system

OUTCOME

- High benefits: Generous unemployment insurance, retirement pensions

- Cross-generational support system

OUTCOME

- High benefits: Generous unemployment insurance, retirement pensions
- Unequal benefits: Unequally distributed depending on occupation and contributions

CONSEQUENCES

- Reinforces traditional gender roles
- Emphasis on contribution history

contributions

CONSEQUENCES

- Reinforces traditional gender roles
- Emphasis on contribution history punishes labor market exit
- Reinforces social stratification

Social democratic

Social democratic Welfare State

CHARACTERISTICS

- Designed to create equality between social classes
- Benefits are universal
- High level of taxes

OUTCOME

- High benefits: Generous unemployment insurance, retirement pensions
- Equal benefits: Both lower and middle classes rely on the same social policies
- Public sector administration: Many benefits (child care, health care) are administered by the state

CONSEQUENCES

- High level of security among citizens
- High level of employment through governmental investments
- Limit of individual freedom and wealth
- Potential lack of incentive to work

Social democratic Welfare S

CHARACTERISTICS

- Designed to create equality between social classes
- Benefits are universal
- High level of taxes

OUTCOME

- High benefits: Generous unemployment insurance, retirement pensions
- Equal benefits: Both lower and middle classes rely on the same social policies
- Public sector administration: Many benefits (child care, health care) are administered by the state

CONSEQUENCES

- High level of security among citizens
- High level of employment through governmental investments
- Limit of individual freedom and wealth
- Potential lack of incentive to work

Liberal

Corporatist

Social democratic

The Welfare State

"... a society which is socialist cannot also be democratic, in the sense of guaranteeing individual freedom"

Milton Friedman

Esping-Andersen's argument

Globalization and the Welfare State

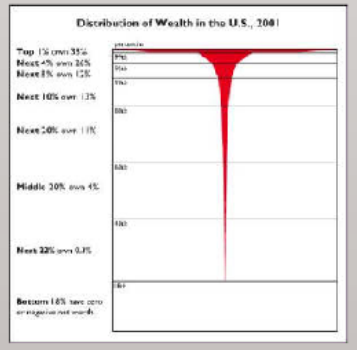
European Welfare States under pressure

Esping-Andersen's argument

1) How to compare welfare states?

a) De-commodified rights

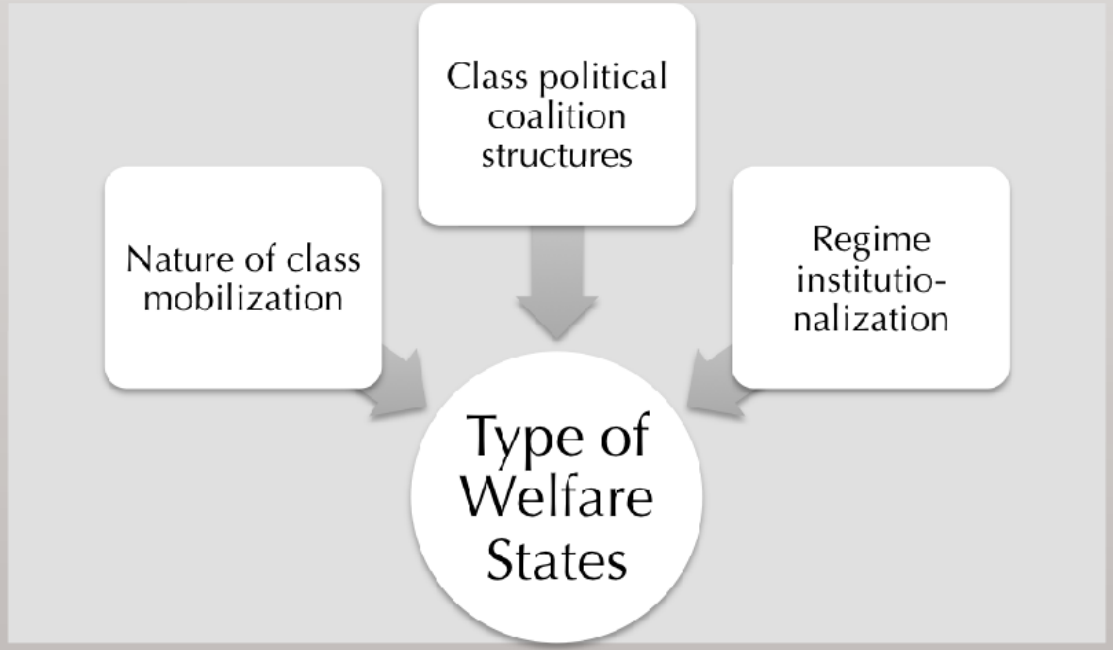
b) Stratification (preservation of status differentials)



c) Market vs state - what qualifies you for benefits?

	De-commodified rights	Stratification (preservation of status differentials)	Qualification for benefits/payment
Liberal	Low	High	Means-testing
Corporatist	Medium	High	Contribution
Social Democratic	High	Low	Universal

2) Causal explanations



Type	**Nature of class mobilization**	**Class political coalition structures**	**Regime institutionalization**
Liberal	Labor formation (not in the US)	No farmer labor cooperation /no labor middle class cooperation	Residual welfare state was not designed to serve middle class
Corporatist	Labor formation captured by the state	No farmer-labor cooperation, no labor/middle class cooperation	Middle class loyalty to separate programs
Social Democratic	Labor party formation	Farmer-labor cooperation, labor-middle class cooperation	Updating of socialist coalition to reflect developing cleavages

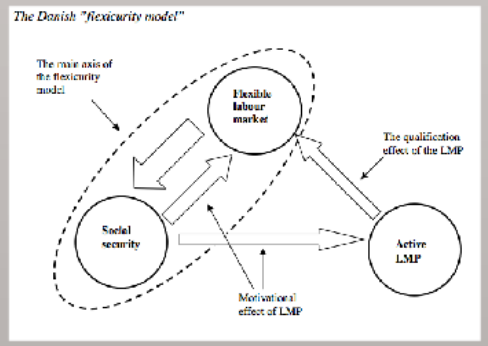
3) Denmark - universalism is costly

a) Educational system

# 8	Denmark:	8.5%
= 37	United States:	5.7%

b) Health care

c) "Flexicurity"



3) Denmark - universalism is costly

a) Educational system

# 8	Denmark:	8.5%
= 37	United States:	5.7%

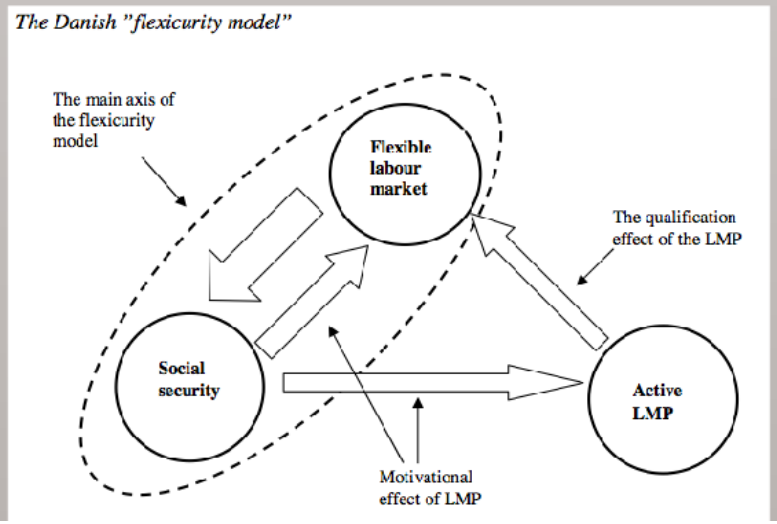
b) Health care

a) Educational system

# 8	Denmark:	8.5%
= 37	United States:	5.7%

b) Health care

c) "Flexicurity"



The Danish "flexicurity model"

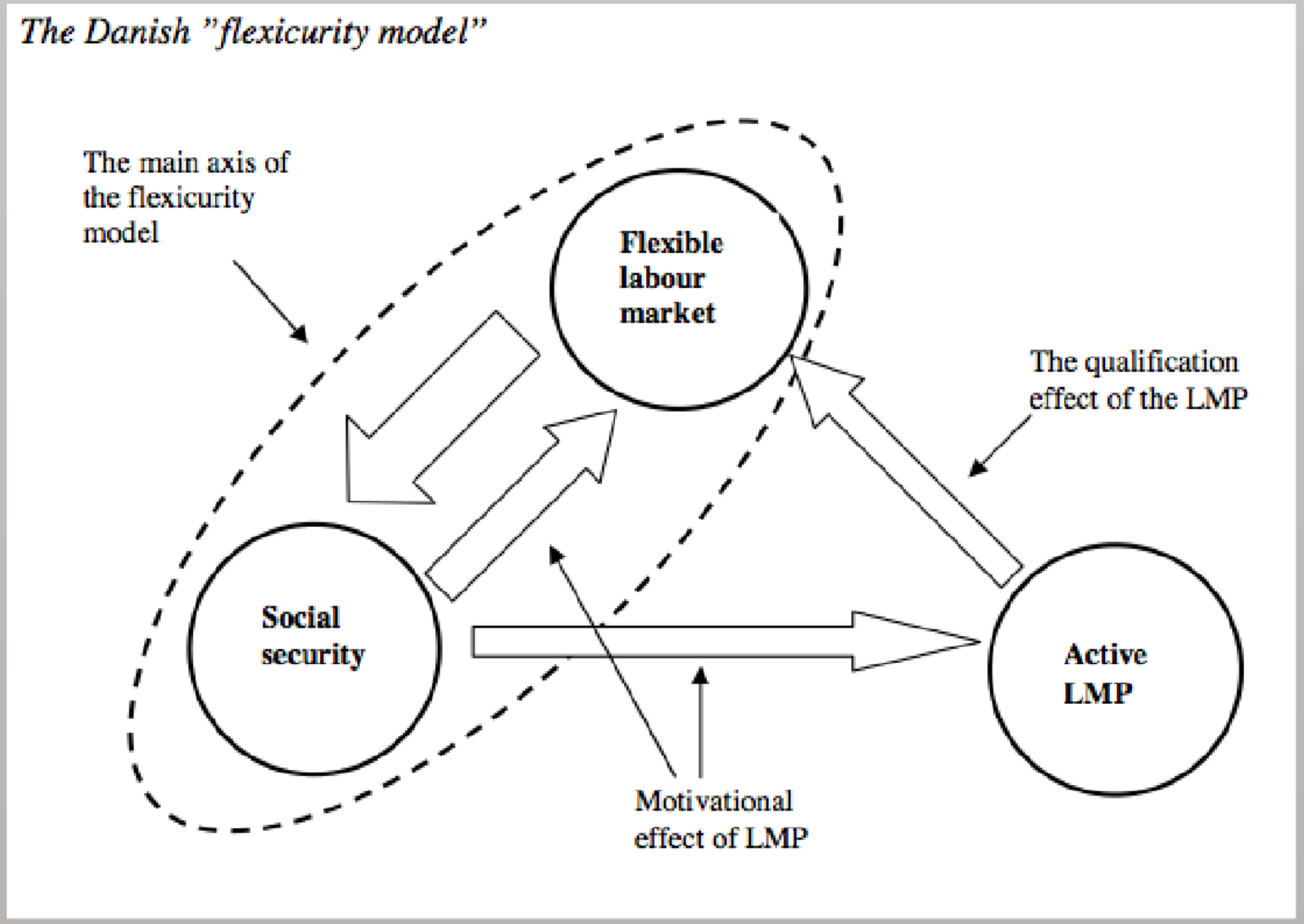


Table 2. *Taxes and social security contributions as % of GDP, 1997*

	Total taxation	Social security contributions	Taxes on goods and services	Personal and corporate income tax
United States	28.5	6.8	4.9	11.5
Australia	30.4	2.0	8.6	17.1
New Zealand	36.4	0.3	12.6	21.5
United Kingdom	35.3	6.0	12.5	13.0
Switzerland	34.6	13.1	6.1	12.8
Austria	44.4	18.0	12.5	12.9
Belgium	46.5	14.8	12.4	18.0
Germany	37.5	15.6	10.4	10.5
France	46.1	20.2	12.6	8.9
Italy	45.0	15.2	11.2	16.3
Netherlands	43.4	17.7	12.2	11.4
Denmark	52.2	1.8	17.1	31.4
Sweden	53.3	17.7	12.0	21.6
OECD 18	39.8	10.9	11.2	15.7

Source: OECD Revenue Statistics 1999, *Statistical Compendium*.

Liberal

Corporatist

Social democratic

The Welfare State

"... a society which is socialist cannot also be democratic, in the sense of guaranteeing individual freedom"

Milton Friedman

Esping-Andersen's argument

Globalization and the Welfare State

European Welfare States under pressure

freedom"

Milton Friedman

Globalization and the Welfare State

"In short, there is indeed reason to think that the postwar aspirations and achievements of welfare states committed to full employment, social security and social equality are seriously challenged by the new constraints on national policy choices that are imposed by the international and European integration of capital and product markets."

Source: Scharpf, 2002

Solutions?

Comparative advantage

Welfare "reforms"

Liberal

Corporatist

Social democratic

The Welfare State

"... a society which is socialist cannot also be democratic, in the sense of guaranteeing individual freedom"

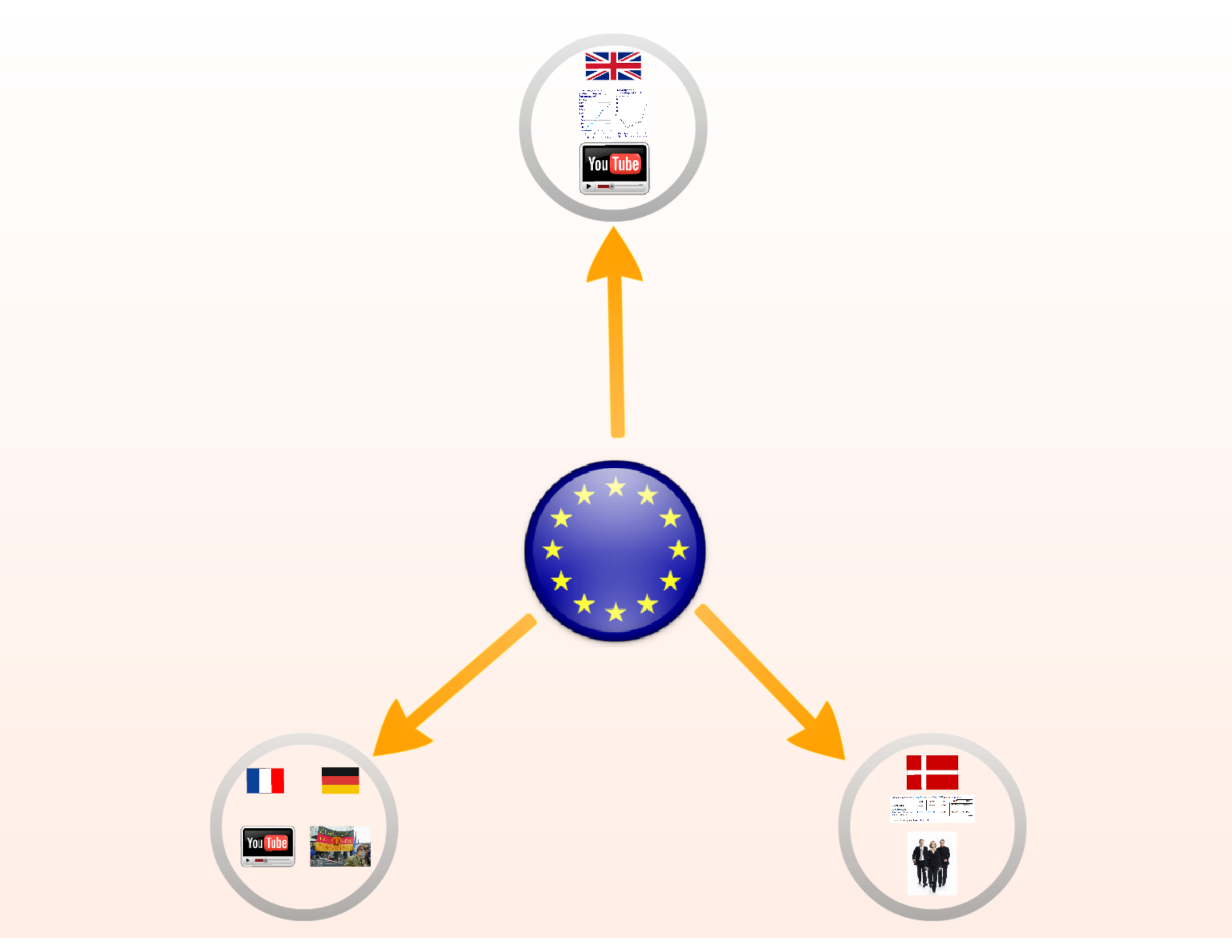
Milton Friedman

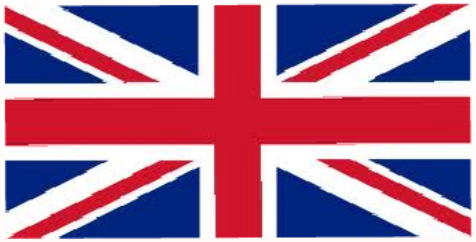
Esping-Andersen's argument

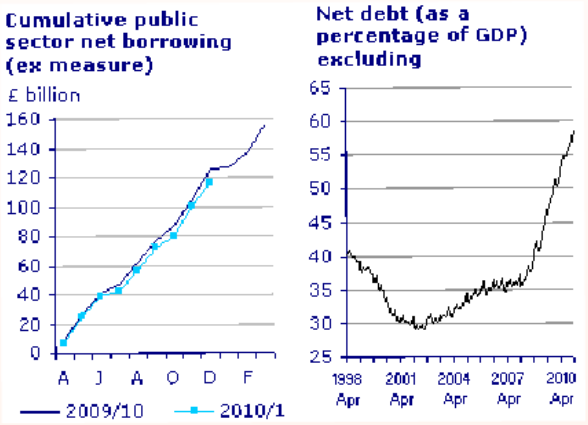
Globalization and the Welfare State

European Welfare States under pressure

European Welfare States under pressure

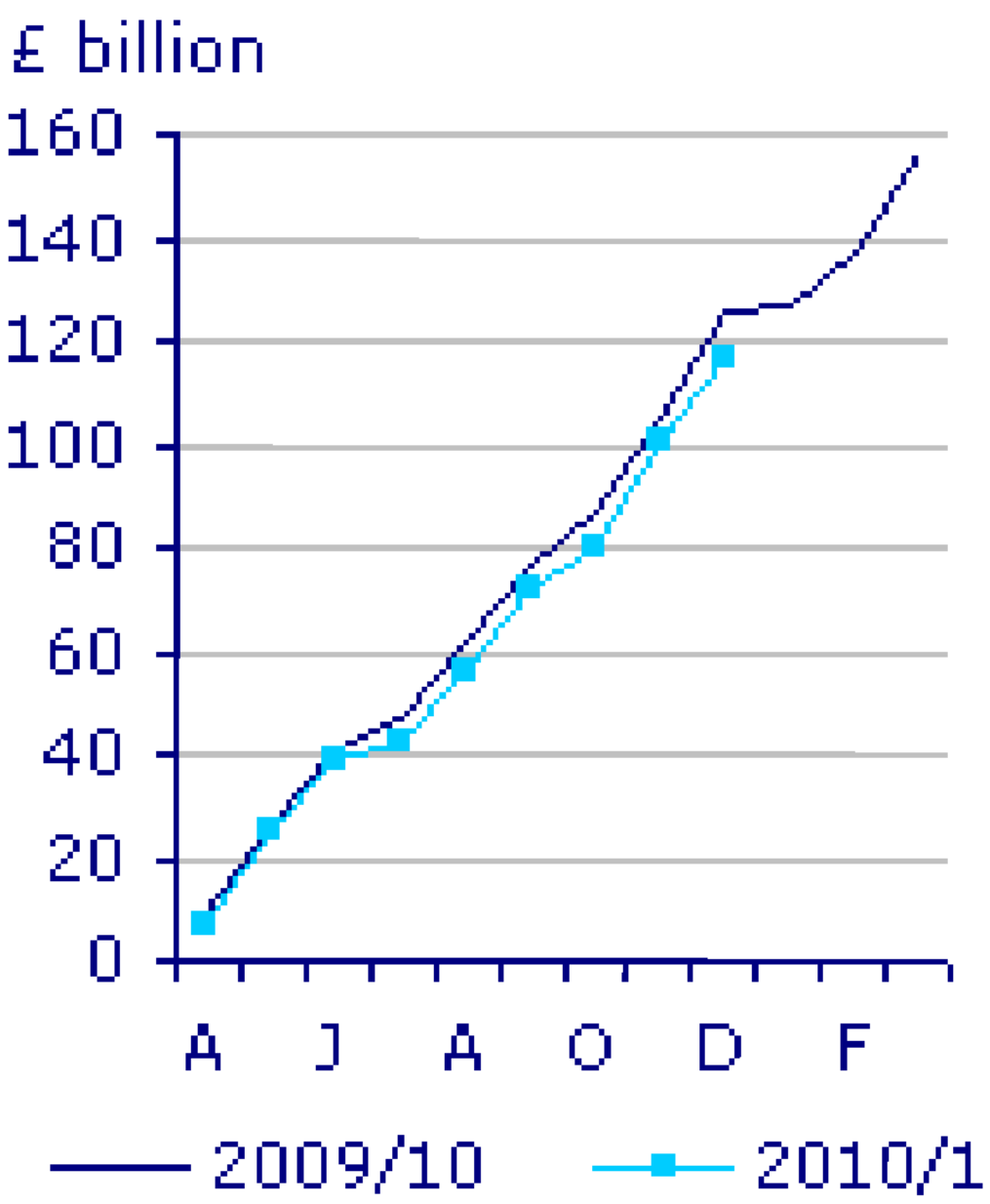

You Tube
You Tube



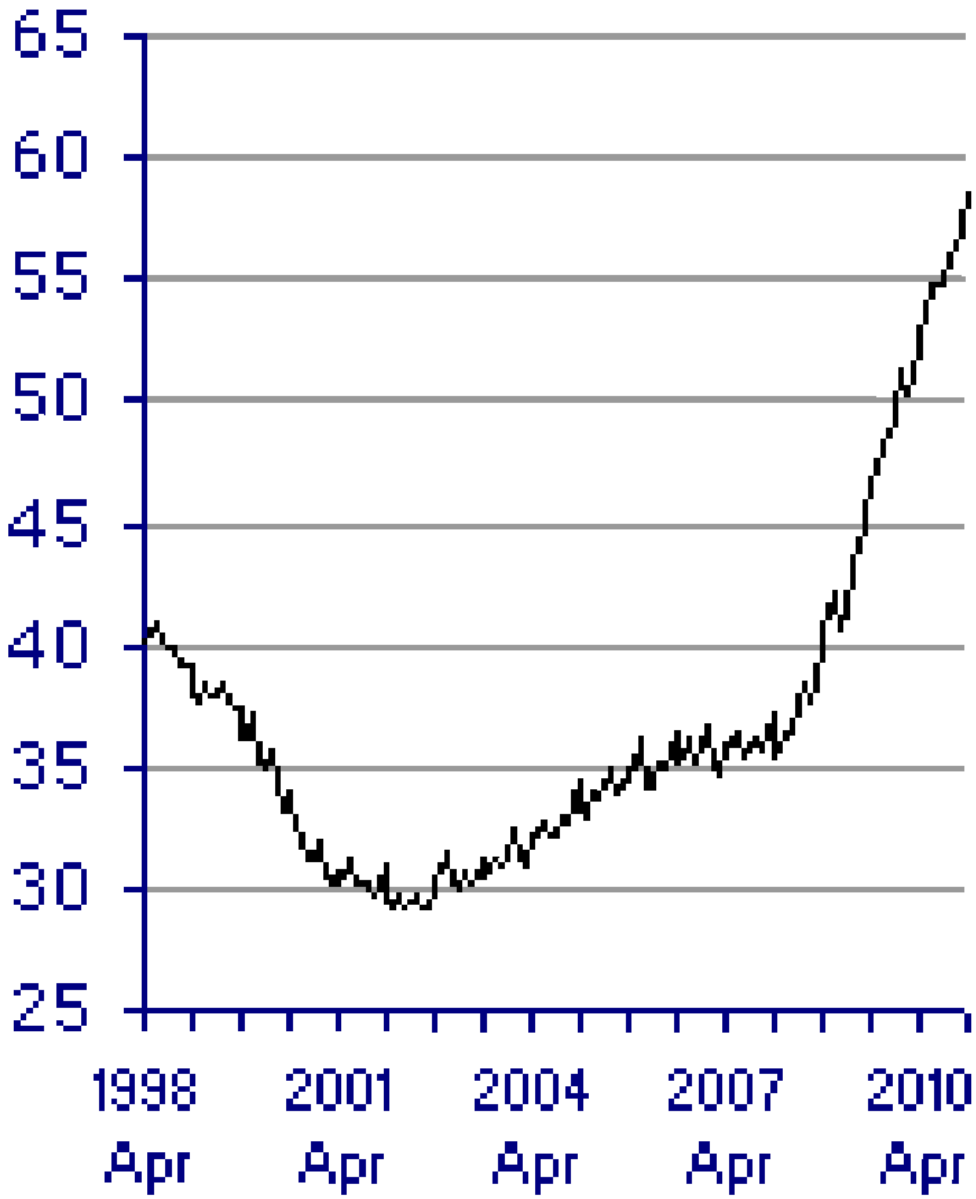

Cumulative public sector net borrowing (ex measure)
£ billion
160
140
120
100
80
60
40
20
0
A J A O D F
2009/10
2010/1
Net debt (as a percentage of GDP) excluding
65
60
55
50
45
40
35
30
25
1998 Apr
2001 Apr
2004 Apr
2007 Apr
2010 Apr

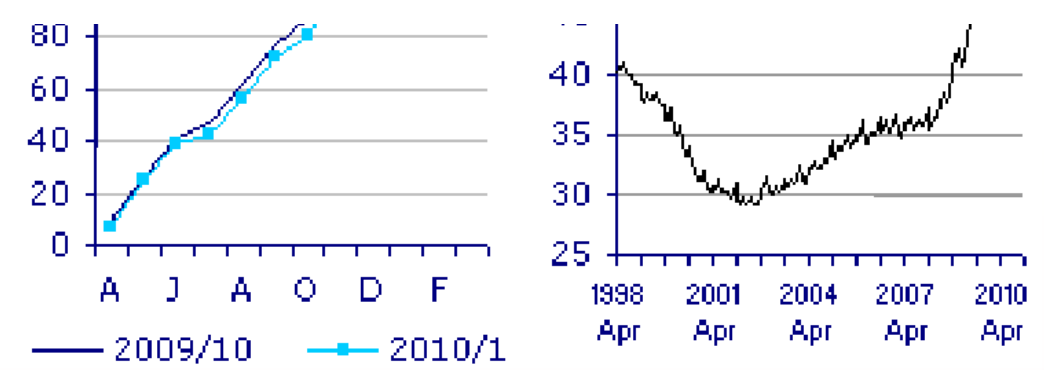
YouTube

Cumulative public sector net borrowing (ex measure)

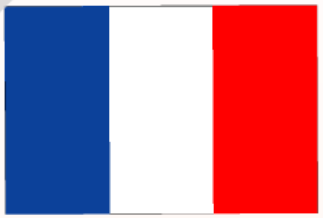


Net debt (as a percentage of GDP) excluding




80
60
40
20
0
A J A O D F
2009/10
2010/1
40
35
30
25
1998 Apr
2001 Apr
2004 Apr
2007 Apr
2010 Apr

YouTube



YouTube

ZURÜCK
IN
DIE
ZUKUNFT
LIFE

YouTube

ZURÜCK
IN
DIE
ZUKUNFT
LIFE

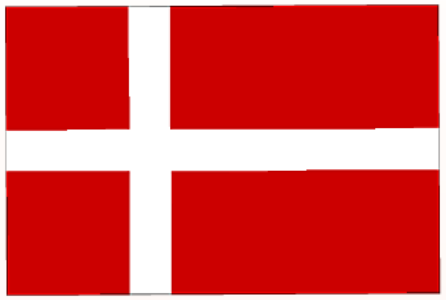


Table 2. Net transfers to the public sector in Dkr. (1997-prices) per person

	1991	1995	1996	1997	1998
Native Danes	14.900	16.500	19.000	22.700	24.500
Immigrants and descendants from non-western countries	-48.000	-62.600	-63.700	-58.200	-50.500

Source: Wadensjö and Orrje (2002: 72)

Table 2. Net transfers to the public sector in Dkr. (1997-prices) per person

	1991	**1995**	**1996**	**1997**	**1998**
Native Danes	14.900	16.500	19.000	22.700	24.500
Immigrants and descendants from non-western countries	-48.000	-62.600	-63.700	-58.200	-50.500

Source: Wadensjö and Orrje (2002: 72)

Liberal

Corporatist

Social democratic

The Welfare State

"... a society which is socialist cannot also be democratic, in the sense of guaranteeing individual freedom"

Milton Friedman

Esping-Andersen's argument

Globalization and the Welfare State

European Welfare States under pressure

Things to think about in the next 24 hours....

1) What are the very fundamental ideas behind the different welfare state models?

2) Do the different models only rely on one of the perspectives we have discussed in this course? Why? Why not?

3) Why would every model claim itself to be "fair" and "just"?