Social policy, social welfare, and the welfare state

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The Care of Older People following a Stroke View project
Social policy, social welfare, and the welfare state

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**Introduction**

There are many, particularly social science, disciplines in which questions to do with social policy and the welfare systems of Britain and other countries are likely to be relevant. This is because spending on social policy is often the largest part of governments’ budgets and because welfare services are a large part of the economies of industrial societies. You may be using this book as a student on a social policy programme at university or college; or you may be taking a social policy module as part of professional training in social work or nursing; or because you have chosen a social policy option as part of a course in sociology, economics, politics, or history.

Three terms are central to the subject matter of this book: ‘social policy’, ‘social welfare’, and ‘the welfare state’. This chapter provides an introduction to the meanings that are attached to these and the debates that surround them.

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**Learning outcomes**

After reading this chapter students will:

1. **be able to describe what is meant by key terms used in the study of social policy**: social policy, social administration, social welfare, the welfare state, social expenditure;
2. **understand the range of objectives that may be contained within social policies**: redistribution, the management of risk, reducing social exclusion;
3. **be able to distinguish between social policies in terms of intentions, methods, and outcomes**;
4. **be able to distinguish the ways in which societies meet social needs, particularly the roles of the state, the market, and the household**;
5. **be able to explain why social policy and welfare services are fundamental to the organization of industrial societies**.

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**Social policy**

The phrase ‘social policy’ generally has two possible meanings. It is used to refer to the academic subject called Social Policy or, more importantly, it means social policies themselves, that is to say the intentions and activities of governments that are broadly social in their nature.

It is not very useful to spend a great deal of time trying to pin down the best definition of social policy. There is no right answer. It is much more helpful simply to look at examples of what are generally called social policies. This book contains a great many such examples, and in that sense our definition of social policy is simply demonstrated in the things that are described in this book. A similar approach was taken by a working party that produced a ‘Benchmarking Document’ to guide the curriculum for social policy in British universities. Rather than define what social policies are, the working party chose to list the main topics that were commonly studied under that heading, though it admitted that the list would have to change over time (see Box 1.1).
Box 1.1 **Optional units currently found within UK Social Policy degree courses**

Social policy knowledge is typically taught and learnt through a focus upon particular themes, topics or issues within degree courses. [Below is] a list of the topics commonly found within UK Social Policy degree courses. This is neither exhaustive nor prescriptive, and different social policy courses are likely to include various combinations of a number of these, or other relevant topics.

- ageing and social policy
- children and social policy
- crime and criminal justice policy
- community care
- comparative social policy
- disability and social policy
- economics, economic issues, and social policy
- education and social policy
- environmental issues and social policy
- equal opportunity policies and their impacts
- family and social policy
- gender and social policy
- globalization/transnationalization/internationalization and social policy
- health and healthcare services
- history and development of social policy in the UK
- income maintenance and social security policy
- local governance, local welfare institutions, and their policies
- leisure and social policy
- Mixed economies of welfare (voluntary, private, and informal sectors)
- organization, administration, and management in welfare institutions
- philosophy of welfare
- poverty, social exclusion, and social policy
- race, ethnicity, and social policy
- science, technology, and social policy
- service user perspectives and user involvement in the social policy process
- sexuality and social policy
- social care
- social policy and the mass media
- social policy and ‘virtual society’
- social research methods
- supranational social policy
- transport and transport policy
- welfare rights and social policy
- work, employment, and labour market policies
- youth, youth work, and associated policies.

*(Quality Assurance Agency for Higher Education 2007: Section 2.5)*
The classic examples of social policies are the activities of governments in providing money and services to their citizens in five main areas:

- social protection benefits (often known as social security);
- health services;
- education services;
- housing provision and subsidies;
- personal social services.

These five areas form the core of this book, contained in Chapters 10, 11, 12, 13, and 15. They can in part be traced back to a much-quoted paragraph in the Beveridge Report of 1942 (Box 1.2) that outlined five main areas where the state should construct social policy after the war. Beveridge’s five did not include personal social services. Rather, he laid great emphasis on policies to maintain full employment, which he believed would make personal intervention in people’s lives less necessary. Since Beveridge, as the titles of other chapters in this book show, social policy has come to be defined even more broadly, to include areas of government activity such as arts and culture, the criminal justice system, and environmental policies.

**Defining social policy in terms of types of expenditure**

The most common way of measuring the amount of social policy in any society is to add up the money spent on it. This is a complex process because in different countries the ways in which social policy is financed varies. International bodies seeking to compare the proportions of resources spent on social policy in different countries have developed increasingly sophisticated ways of ensuring they are comparing like with like. For example, Figure 1.1 shows the share of the gross national product (GNP) of various countries taken up by what the OECD (Organisation for Economic Co-operation and Development) defines as ‘social expenditure by broad social policy area’ in 2007. There are two parts to each column. The lower shows expenditures made directly by governments, what is called public social expenditure, on cash benefits and services to citizens; such as pensions, unemployment benefits, and health and social care services. The upper part of each column shows spending by non-government organizations on similar benefits and services for citizens. This is called private social expenditure.

The OECD defines social expenditure as:

> The provision by public and private institutions of benefits to . . . households or individuals in order to provide support during circumstances which adversely affect their welfare . . . Social benefits include cash benefits (e.g. pensions, maternity benefits, social assistance), social services (e.g. medical care, childcare, care for the elderly and disabled), and tax breaks with a social purpose (e.g. tax reductions or credits that favour families with children, or favourable tax treatment of contributions to private health plans). (OECD 2005: 7)

**Box 1.2 William Beveridge’s ‘five giants’**

The Plan for Social Security is put forward as part of a general programme of social policy. It is one part only of an attack upon five giant evils: upon the physical Want with which it is directly concerned, upon Disease which often causes that Want and brings many other troubles in its train, upon Ignorance which no democracy can afford among its citizens, upon the Squalor which arises mainly through haphazard distribution of industry and population, and upon the Idleness which destroys wealth and corrupts men, whether they are well fed or not, when they are idle.

(Beveridge 1942: 170; emphasis added)
These benefits and services are often called ‘social protection’. They exclude direct purchases of goods or services (such as medical or social care) by individuals and families and entirely private insurance or savings contracts which are additional to payments required by governments, and are therefore voluntary.

There are two key aspects to the OECD’s definition of social expenditure:

- Social expenditure is the result of explicit government laws or regulations that require the payment of taxes or contributions to meet the costs of adverse circumstances that may affect individuals or households.
- Social expenditure involves a degree of redistribution from the less needy to the more needy. For example, health and pension contributions may be at a fixed rate per person or in proportion to income, but the benefits will depend on how much healthcare is used or how long someone lives. Similarly, tax credits or tax deductions to meet needs such as the costs of childcare or saving for pensions redistribute from those taxpayers who do not have these needs to those who do (though tax deductions are rarely particularly pro-poor in their effects).

Put slightly differently, a distinction is made between three kinds of spending aimed at needs or risks: public social spending, private social spending, and exclusively private spending. Only the first two are the result of social policy. The last form is an entirely voluntary form of spending and consumption. The OECD does not count as social expenditure the spending decisions made quite freely by individuals or families to meet their needs or by private companies that voluntarily provide welfare benefits for their employees.

The important point is that the OECD is defining as ‘social’ those expenditures made as a result of government policy requiring certain welfare needs to be met. In some countries, such as the UK and Germany, spending on health services is largely by the government or by social insurance funds directly controlled by the government (i.e. public social expenditure), whereas in others, such as the Netherlands and the United States, people are required to contribute to private health insurance funds which then pay for healthcare (i.e. private social expenditure). Similarly, some pension and unemployment benefits are provided directly by the state or from funds it controls, while others are paid for by commercially run funds or by employers but as a result of laws and regulations that require people, usually employees, to be members of such arrangements.

There has been a tendency in the past for some commentators to include only social expenditures made directly by governments and to exclude those that are routed through non-government or private organizations but as a direct consequence of a government policy. This is one of the reasons why social expenditure in the United States has often been understated. The countries shown in Figure 1.1 as having high public social expenditure are generally perceived as having the most generous social policies: Sweden and Denmark, for example. In contrast, countries such as Korea, the United States, and Australia have been portrayed as particularly ungenerous in terms of social benefits. However, if one includes ‘private social expenditure’, that is if one includes both parts of each column in Figure 1.1, then the very big differences in the public social expenditures of the industrialized nations are adjusted for. France and Belgium become the highest-spending countries, followed closely by Sweden and Denmark, all of them spending about a third of their gross domestic product (GDP) on social protection, while the average across the whole OECD is around a fifth. This is not to suggest that all nations are equally generous, but every form of collective help needs to be taken into account when making comparisons, not just those provided by the state.

As Figure 1.1 shows, in Europe public social spending takes a high proportion of total social spending, accounting for 90 per cent except in the Netherlands, Switzerland, and the UK, where it is closer to 80 per cent. In the United States, in contrast, private social spending constitutes over 30 per cent of total social spending. Across the countries in the OECD tables, the two largest types of social spending, comprising more than half the total, are on incomes for retired people and
on healthcare. ‘With more than 11% of GDP being spent on old age cash benefits and survivor payments, Belgium, Germany, France, Austria, and in particular Italy can be regarded as Pensioner States’ (OECD 2005b: 8). The Nordic states—Denmark, Finland, Sweden, Norway, and Iceland—provide social support more evenly between older people and those of working age, though mainly because social spending of all kinds is a larger proportion of their GDPs.

An interesting practical point is that the OECD researchers who compile these widely used social protection statistics choose not to include spending on education, because they argue that governments do not provide education in order to provide support ‘during circumstances which adversely affect people’s welfare’ but rather as a form of investment. Others prefer to regard social investment as a central part of welfare. One of the most influential commentators on social policy, Gøsta Esping-Andersen, has argued that we need a new form of welfare state that is more a ‘social investment state’ (Esping-Andersen 2002: 26–67) which focuses on children and families because they will provide the welfare of the future. If public expenditure on education is added to Figure 1.1, then both Sweden and Korea would move to significantly higher positions.

### Analysing social policy

Although we are suggesting that the careful definitions of social spending used by the OECD provide a good basis for deciding what is included in social policy and what is not, there is no universal agreement as to the definition of a social policy, and it is probably best that this is so. Students of social policy are no more likely to wish for tight boundaries defining their subject than historians would set strict limits on what counts as history, or physicists on what should be included in physics. However, there have developed a number of standard dimensions within which researchers and writers have chosen to analyse the subject matter of social policy. Social policies can be examined in terms of:

1. the intentions and objectives that lie behind individual policies or whole groups of them;
2. the administrative and financial arrangements that are used to deliver policies;
3. the outcomes of policies, particularly in terms of who gains and who loses.
This framework is summarized in Figure 1.2. Over the next few pages we elaborate each of its three parts.

**Social policy as intentions and objectives**

Sometimes the intentions that inform a social policy or even a whole policy area are fairly clear. For example, in 2001 the British government introduced a new policy to provide an enhanced form of community care called ‘Intermediate Care’ for older people newly out of hospital or at risk of returning to hospital (see Chapter 13). The policy requires the health service and local government to cooperate in precise ways and to particular deadlines set out in a policy document issued by the Department of Health (DoH 2001a: 49–50). At the same time, the necessary legislation allowing them to work together in these ways was contained in the Health Act 1999.

However, it is more often the case that there are substantial disagreements or uncertainties either within government or between central government and local authorities which lead to vagueness and ambiguity about policy intentions. For example, in 1990 Mrs Thatcher’s government issued guidance on its plans to reform community care (DoH 1990) and passed legislation to enable the changes to take place: the NHS and Community Care Act 1990. However, the next decade showed that the intentions had not been clear enough, and local authorities which did not entirely share the government’s ambitions were able to find room to do things differently (see Chapter 13). Another example of ambiguous policy goals was the 2005 Education White Paper, ‘Higher Standards, Better Schools for All’. A good deal of time was spent by the House of Commons Education and Skills Committee determining exactly what the government’s intentions were (HC633-1 2006). White Papers are a key way in which British governments set out their policy goals; but because of disagreements in the cabinet and governing party both principles and detail may be ‘fudged’, leading to uncertainty rather than a clear policy.

In many areas of social policy, especially where the particular benefits and services have been accumulating over a long period, it is particularly difficult to distinguish what the intentions are now or even what they originally were. They can vary, and involve contradictions. Some goals may be stated clearly, but others remain largely hidden and can only be untangled by looking at the political processes that first created and now sustain social policies and the broader ideologies that influence the key decision-makers. These problems are covered in detail in Chapter 2.

An essential part of the study of social policy is to go beyond the analysis of particular policies and search for common patterns both within one country and comparatively across a number of countries. A number of key common types of intention and objective are suggested by the social policy literature. They are grouped under three headings: redistribution; risk management; and reducing social exclusion.

**Redistribution** In the Introduction we suggest that redistribution is a defining characteristic of social policy: ‘A social policy is defined as a deliberate intervention by the state to redistribute resources amongst its citizens so as to achieve a welfare objective.’ There is a sense in which this is always true. No government would intervene through policy if it believed that the existing allocation of resources was satisfactory. So social policy always involves changing what would have been the status quo. However, two kinds of redistribution are particularly important.
First, there is redistribution away from those who have more to those who have less in order to create greater equality along a particular dimension such as income, or access to a key service such as education or healthcare. This is what is sometimes called the 'Robin Hood' function of social policy. This kind of redistribution is essentially driven by ethical and moral considerations to do with fairness and justice. There are many people who believe inequalities of income and wealth beyond a certain point are simply unacceptable and should be corrected through vertical redistribution from the richer to the poorer. There is also growing evidence that the experience of living in a materially unequal society is harmful to people and may lead to ill health and even early death (see Chapter 12). This argument is particularly associated with the work of Richard Wilkinson, who has argued that there are 'psychosocial pathways' between inequality and illness (2000; Wilkinson and Pickett 2010a). More recently Professor Sir Michael Marmot was asked by the Department of Health to conduct a comprehensive review into health inequalities in England; some of the key messages of this review are in Box 1.3.

Secondly, the state may use social policy to redistribute resources because the existing allocation is inefficient. This is a justification in terms of what economists call market failure. Classic examples are the provision of free schooling or of compulsory schemes making people save for old age. Without these interventions, people would not be prepared to pay for enough education to meet the needs of the economy; or, because individuals tend to discount their future needs, they would not save enough for old age. Much of this kind of redistribution may be horizontal redistribution and lifetime redistribution. Through these social policies the state forces people to spend more on education than they otherwise would, by taxing them and spending the money on their behalf. In this way what can happen is that the state redistributes people’s incomes across their lifetimes, by taking from them when they are in work so that they may benefit in retirement, sickness, or unemployment. (Chapter 18 explores the degree to which social policies succeed in achieving these sorts of redistribution.)

Box 1.3 Fair Society, Healthy Lives

Reducing health inequalities is a matter of fairness and social justice. In England, the many people who are currently dying prematurely each year as a result of health inequalities would otherwise have enjoyed, in total, between 1.3 and 2.5 million extra years of life. There is a social gradient in health – the lower a person’s social position, the worse his or her health. Action should focus on reducing the gradient in health…

Action to reduce health inequalities will benefit society in many ways. It will have economic benefits in reducing losses from illness associated with health inequalities. These currently account for productivity losses, reduced tax revenue, higher welfare payments and increased treatment costs…

Reducing health inequalities will require action on six policy objectives:

- Give every child the best start in life.
- Enable all children, young people and adults to maximize their capabilities and have control over their lives.
- Create fair employment and good work for all.
- Ensure healthy standard of living for all.
- Create and develop healthy and sustainable places and communities.
- Strengthen the role and impact of ill health prevention.

(Marmot 2010: 9)
The management of risk. A powerful way of understanding social policies is to see them as ways in which societies collectively protect themselves from the risks of harm that individuals face in life. Risks are a natural part of the human condition, and they are also the products of our civilization and its technologies. Richard Titmuss distinguished between natural risks or dependencies, such as childhood, sickness, and old age, and man-made risks that are products of our civilization, such as unemployment and industrial injury (Titmuss 1976: 42–4). In the language of the time he defined those upon whom those risks had fallen as being ‘in need’. He argued that the social policies of the post-war welfare states were designed to meet certain natural and man-made needs collectively through the mechanism of government. Thus social security systems to provide incomes to the unemployed, the sick, and the retired were set up, as were comprehensive education and healthcare services. In this sense social policy existed to meet social need (see Chapter 4).

More recent social theorists have extended this analysis to point out that, as societies become more complex and interconnected, so these man-made risks increase in number to include the effects of industrial pollution and the negative consequences of technology which may, for example, introduce dangerous particles or drugs into our environment or even accidentally contaminate huge areas, as happened when the explosion at the Chernobyl nuclear power station released radioactive clouds across Europe. The sociologist Ulrich Beck argues we now live in a ‘risk society’ in which people are confronted with socially and economically created risks that even endanger the survival of the species. He points to ‘organized irresponsibility’ in which many leading social institutions, including private companies, large government bureaucracies, and the legal system, produce risks of harm or disadvantage against which individuals have little power to protect themselves (Beck 1992). This is an analysis that links the nature of postmodern industrial societies, which are dominated by private capital and market interests, to a need for the state to counteract their effects through social policies.

As the pace of change increases and as the risks become more global in nature, so the kinds of policies required changes. Only policy agreements on a world scale will now protect us from some environmental risks. There is also likely to be conflict between different groups seeking to use the state or international agreements to protect themselves. An example of these new, global, and unpredictable risks is the transmission of BSE (bovine spongiform encephalopathy) from cattle to human beings through the food chain. The inquiry into the British government’s response showed how the existing divisions between government departments and the broad assumptions about their responsibilities held by civil servants and ministers made it difficult to come up with appropriate ‘social policies’ to protect the public (House of Commons, 2000).

Social inclusion. During the 1990s a growing number of social policies have been justified in terms of their capacity to reduce ‘social exclusion’. In 1997 the New Labour government of Tony Blair set up an interdepartmental Social Exclusion Unit to coordinate public policy (www.socialexclusionunit.gov.uk). In 1999 the Department for Work and Pensions began the publication of an annual audit of poverty and social exclusion (see for example Cm. 6673, 2005) and in 2006 Tony Blair created a cabinet post specifically to tackle social exclusion. The term social exclusion and its twin, social inclusion, are particularly associated with European Union social initiatives. The Lisbon summit in March 2000 committed member states to promotion of social inclusion through a range of social initiatives (see Box 1.4) and at the Laeken summit a list of indicators that would be applied to all member countries was adopted (a review of progress can be found in Atkinson et al. 2005).

There is ambiguity about what social exclusion actually refers to (for good accounts see Levitas 2000 and Stewart and Hills 2005). It is what is known as a ‘contested term’. Some social policy analysts argue that it is just another word for poverty, but one that is preferred in a political context where governments are unwilling to be explicit about the existence of poor people. The European Union, as Box 1.4 shows, links poverty and social exclusion but sees a difference between them.
It suggests that as economies develop, some people become excluded from skills and knowledge and thus become vulnerable to unemployment and poverty. Policies are therefore needed to re-include such people, largely by giving them the skills that will get them into paid work. However, these policies do not always reach the people who need them most. The concept of social exclusion, in the form ‘les exclus’ (the excluded), was first used in the context of French social policy debates in the 1970s, where it largely referred to people who slipped through the network of services and benefits designed to help the disadvantaged, particularly the less educated, the disabled, lone parents, and young adults. The exclusion in this sense was exclusion from the social policies of the state, and the danger was that such people would become less committed to central values of a society and thus threaten its stability and solidarity.

The attractiveness of the terms ‘social exclusion’, as the definition of the problem, and ‘social inclusion’, as the policy goal that will combat it, is that they combine most of the intentions and objectives that we have already listed as informing social policies.

- Social exclusion is produced when incomes are excessively unequal. The pioneering researcher into poverty, Peter Townsend (1979), showed how families with low incomes cannot participate in the lives of the communities in which they live. They become excluded in part because they cannot pay for the things that make one part of a society: going on holidays; entertaining others in one’s home; kitting out their children suitably for sports; or going out with their friends. Providing these people with the ability to re-include themselves in their communities requires vertical redistribution.

- Social exclusion is inefficient. It is an expression of market failure that wastes the potential of people who could work but lack the skills to do so, and it reflects inadequate redistribution to those who are unable to work through youth, illness, or age. It therefore requires horizontal redistribution.

- Social exclusion reflects a failure to tackle the risks that face people in complex societies and it creates new risks, particularly if the excluded become alienated from the wider society. Social policy is therefore required both to tackle the risks that lead to exclusion (for example, unemployment, low skills, illness, low wages, old age) and to prevent the development of new social problems.
Social policy as administrative and financial arrangements

Social policy as social administration  In order to deliver the intentions that lie behind social policies in ordered and predictable ways, governments must set up procedures and sometimes organizations to carry them out. A large part of the Beveridge Report (1942) was not about the overall goals but about planning the detailed administrative arrangements that would be required to realize them. In most industrial countries the years 1945–70 witnessed the construction of large government bureaucracies, employing substantial proportions of the workforce and charged with providing the new social security, health, social care, education, and housing policies. In those years in the UK the academic subject now called Social Policy was more often known as Social Administration, and to some extent this reflected that what was of interest was less the social policy intentions themselves but rather the administrative arrangements that would best achieve them. There was broad agreement between political parties about the social policies that were needed. This is sometimes referred to as the post-war settlement or in 1950s Britain as ‘Butskellism’, a term coined by the Economist magazine to highlight the fact that the Tory Chancellor of the Exchequer, Rab Butler, was following very much the same social policy principles as his Labour predecessor, Hugh Gaitskell.

There is, indeed, often more difference between political parties over administrative arrangements than policy goals. Social policies generally use one of three main administrative forms to achieve their goals:

1 Regulation  This is generally the cheapest way for governments to achieve a social policy goal. Governments pass laws that require individuals and organizations to do, or not to do, particular things: wearing seat belts, observing food hygiene regulations, not selling tobacco to minors. There are likely to be many thousands of government regulations in an industrial society that are intended to achieve broadly social goals. The main advantage from the state’s point of view is that regulation is relatively cheap. The cost of compliance falls on the individual or firm rather than on the state. The main cost to the state is some form of inspection and enforcement to ensure that people abide by the regulations.

2 Services in kind  This administrative method of achieving social goals provides services directly to people, such as healthcare, education, or housing. Governments can set up state organizations to do the job—large public bureaucracies like the National Health Service—or they can delegate the delivery of services to private-for-profit companies or to voluntary organizations (sometimes known as the not-for-profit sector).

3 Cash benefits  The third fundamental method of achieving social goals is to provide individuals and households with cash either directly or through reductions in the tax they would otherwise have to pay. The cost of cash benefits is the largest area of social policy expenditure in Britain, and has a whole chapter to itself in this book (Chapter 10).

Organizational arrangements can make a great deal of difference to the success of a social policy. For example, in 1998 the British government set out its National Childcare Strategy, designed to make available a nursery school place for every preschool child whose parents wanted one. Provision is by a mixture of local government, voluntary, and for-profit nurseries and approved childminders. Funding is a mixture of central government, through Child Care Tax Credits, local government education and welfare budgets, and direct charges to parents. Current debate about this policy revolves less around its main goals and more around whether the administrative and financial system is the appropriate one to deliver it (Lewis 2003).

Administrative arrangements go wrong in two main ways. First, the detailed rules and procedures that are used to deliver a policy may develop in ways that actually undermine its original intentions. In the case of the National Childcare Strategy, Jane Lewis (2003: 235) concludes that ‘the choices parents currently face are determined more by the complex nature of the system that has
been created than by the needs of the child. In this crucial sense, the development of childcare in the
UK has not been “child-centred”. Secondly, the organizations involved can develop goals of their
own, sometimes as a result of their sheer size, sometimes because particular groups, such as profes-
sionals, use them to advance their own interests rather than the policies themselves. These prob-
lems, and finding solutions to them, are fundamental to understanding social policy. They have also
tended to preoccupy governments. In Britain in the 1980s and 1990s the governments of Margaret
Thatcher, John Major, and Tony Blair devoted a great deal of effort to reorganizing welfare bureau-
cracies and changing the way they are managed. Getting welfare bureaucracies to do what these
governments believed they were intended to do involved privatization and contracting out and the
setting of precise targets and rewarding their achievement, often referred to as the new managerial-
ism. Privatization dominated the social policy of British governments in the 1980s, new manage-
Social policy as outcomes

The proof of the pudding is in the eating. Many analysts of social policy have suggested that the intentions that lie behind policies are less important than what they actually achieve. Richard Titmuss, when seeking to define the academic discipline called ‘social policy’, headed his list with ‘the analysis and description of policy formation and its consequences, intended and unintended’ (Titmuss 1968: 22). In much of his research he focused on the evidence of the results of policy interventions, and showed how many policies did not have the outcomes claimed for them, that some achieved almost the opposite of what was intended, and that there were other interventions by governments that had social consequences but were not recognized as social policies.

Clearly it is important, given the substantial proportion of countries’ resources redistributed through social policies, that results be carefully monitored. Much of the content of the chapters in this book reports research designed to discover the outcomes of social policies. Chapter 18 is entirely devoted to the question. There is not the space here even to summarize all the issues involved in assessing the consequences of social policy. We shall merely draw attention to one of the more fundamental aspects of the question: the degree to which social policies have been successful in defeating the ‘five giant evils’ highlighted in William Beveridge’s report (see Box 1.2).

As the chapters in this book explain, in the Britain of the first decade of the twenty-first century these ‘evils’ have been altered and, by most measures, greatly reduced. ‘Want’, in the sense of grinding poverty, has been almost eliminated by the cash benefits that Beveridge recommended. Poverty is now a matter of relative deprivation (see the discussion of relative poverty in Chapter 4). The consequences of ‘disease’ have at least been delayed as average life expectancy has been extended. ‘Ignorance’ has been reduced insofar as people spend longer in full-time education and many more obtain formal qualifications. ‘Squalor’ in the form of poor-quality homes and large urban slums has been replaced, and ‘idleness’ has been reduced by a much higher level of participation in paid work.

However, it is more difficult to judge how far these changes have been the outcomes of social policies. It is arguable that they are largely the results of economic growth and improvements in people’s material living standards. Figure 1.3 shows how average household income, along with the economy as a whole (measured by GDP) has more than doubled over the last thirty years. Many commentators suggest that it is this economic growth that has been the main engine behind improvements in people’s standards of living and which provides the resources that have reduced the severity of Beveridge’s ‘five giants’.

Earlier in this chapter we suggested that another of the more commonly asserted goals of social policy was to redistribute resources and reduce inequalities, partly so that more people can share in the fruits of economic growth. However, Figure 1.4 shows that inequality, particularly as seen in the incomes of the poorest tenth of households in the United Kingdom, has been stubbornly resistant to social policy. The ONS 2010 Social Trends report summarizes the long-run trends:

During the 1980s there was little change in income in real terms (that is adjusted to remove the effects of inflation) at the bottom of the distribution, while income at the top of the distribution grew strongly. The early 1990s was a period of economic downturn, and there was little real growth in income anywhere in the distribution. Between 1995/96 and 2007/08, income at all three points of the distribution shown in [Figure 1.4] grew by similar amounts in real terms, with median income increasing by a quarter. Thus the income distribution and the extent of inequality have changed considerably over the last three decades. The closer the percentiles are to the median line, the smaller the inequality within the distribution. Inequality grew during the 1980s, was stable during the first half of the 1990s, and then fluctuated slightly between 1994/95 and 2007/08.
If a reduction in income inequality is a measure of a key outcome of social policy, then it has not been very successful. Chapter 18 includes more discussion of the distributional effects of social policies, including what is known as the social wage, the distribution of benefits from public services in kind like healthcare and education.

**Social welfare**

By focusing on the meaning of the term ‘social policy’ so far, we have concentrated on the activities of governments and their success or otherwise in achieving social objectives. However, many students of social policy are more interested in what can broadly be called social welfare and which is only partly the product of what governments and policy-makers do. Social welfare is again a term that gains little from being defined very tightly. Writers use it in slightly different ways depending on the issues they wish to cover. Sometimes it refers to very material aspects of well-being such as access to economic resources. At other times it is used to mean less tangible conditions such as contentment, happiness, an absence of threat, and confidence in the future. A whole area of research called ‘quality of life studies’ seeks to understand and measure what people believe to be the main ingredients of their welfare (see e.g. Baldwin et al. 1990). Social welfare can be thought of in terms of individuals—the concept of individual welfare—but as its name suggests, it is also used on occasion to refer to more collective forms of well-being (collective welfare), such as that of a whole community or nation. The Department for Environment, Food and Rural Affairs publishes annually the results of 68 indicators designed to show how, region by region, England is progressing in terms of health, housing, education, and the environment (see under ‘sustainable development’ at [www.defra.gov.uk](http://www.defra.gov.uk)).

Researchers in social policy are often concerned with how social welfare is produced and sustained, and this work tends to draw attention to the great variety of sources that are involved. A useful and influential way of understanding this complexity is the ‘welfare triangle’ (Figure 1.5).
United Kingdom/Great Britain³
£ per week at 2007/08 prices


1 Adjusted to 2007/08 prices using the retail prices index less council tax/ domestic rates.
2 Equivalized household disposable income before deduction of housing costs, using OECD equivalization scale. See Appendix, Part 5: Households Below Average Income (HBAI), and Equivalization scales for variations in source and definition on which the time series is based.
3 Data for 1994/95 to 2001/02 are for Great Britain only.

**Figure 1.4** Distribution of real¹ household disposable income², UK
Source: ONS (2010: Chart 5.3)

**Figure 1.5** The production of social welfare
Source: Adapted from Evers (1988: 27)
The purpose of Figure 1.5 is to illustrate the main sources from which people obtain their welfare or well-being. All of us depend for the quality of our lives, to different degrees, on our links to the market, to the state, and to the families and communities in which we live. Consider for a moment two particularly important measures of social welfare in a society: how it looks after its children and how it looks after its older people. In all societies parents and families are the primary providers of care for children. As the children grow older, so the state, for example in the provision of education, becomes more important. But in some cases where parents cannot or are not there to provide care, the state or the wider community may have to step in. The care of dependent older people can similarly be the product of all three sources. In poor societies, frail older people are usually entirely dependent on the family for income and care. There also is much evidence to show that even in rich societies most personal care for older people is provided by their families. However, assistance is available from the state, in the form of social services. The market too may play a large role, in terms of paid care and the pensions that help finance it. The key point here is that welfare is generally a product of all three sources, or what is called the mixed economy of welfare. It is a matter of history and politics how the actual balance of sources has developed in a particular country.

Imposed on Figure 1.5 are the four points of the compass. This again is merely an illustrative device. But it reminds us that in poor, southern societies the family and community are most important in the production of social welfare. Western countries, particularly the United States, have been associated with a greater use of the market to provide welfare, while Eastern European nations, particularly before the collapse of communism, made greater use of the state. In choosing to develop social policy in a particular area, politicians and administrators always face decisions as to the respective roles of the market, the state, and the family in achieving their goals. For example, this is exactly the basis of the debate about the appropriate funding and provision of university education in Britain.

The welfare state

Defining the welfare state

Societies in which a substantial part of the production of welfare is paid for and provided by the government have been called welfare states. Within the academic subject of social policy there are continuing debates about what is necessary to qualify as a welfare state. Does the United States, for example, provide, through its federal, state, and local welfare provisions, sufficient help to its citizens to be labelled a welfare state? Or should the term be reserved for the Scandinavian countries such as Sweden or Denmark, in which state welfare services constitute a much larger proportion of the economy? Some regard this debate about what actually constitutes a welfare state as sterile, and suggest we should abandon the term and use instead that of a welfare system (Wincott 2003 provides a useful summary of this debate). However, even if a strict definition of ‘welfare state’ is not necessary from an analytical point of view, the term remains important because of the frequency with which it is used, by politicians, in the media, and by ordinary people, and because, historically, the welfare state was at one time understood as the twentieth century’s most complete answer to social need.

In a speech to the annual conference of the Labour Party in 1950, Sam Watson, leader of the Durham coal miners, listed the achievements of the welfare state: ‘Poverty has been abolished. Hunger is unknown. The sick are tended. The old folks are cherished, our children are growing up in a land of opportunity’ (Hennessy 1992: 423). This turned out to be a rather rosy view, but it captures the confidence of the time in the role of state welfare. It was a conception of its function as setting minimum standards in income, health, housing, and education below which citizens would not be allowed to fall: the idea of the welfare state as a social safety net.
Comparing types of welfare state

Alongside discussion about what counts as a welfare state has been a parallel debate about how welfare states or welfare systems differ from one another. Investigating these differences is fundamental to the comparative study of social policy. Researchers have classified countries in terms of ideologies that inform their welfare policies, the levels and comprehensiveness of benefits they offer their citizens, and the organizational arrangements used to fund and deliver those benefits. This has been called by one commentator ‘the welfare modelling business’ (Abrahmson 2000). The main object is to understand whether welfare states are becoming more alike or more different, and to analyse whether some types of welfare state are more likely to survive in the context of global economic change. The best-known typology of welfare states is that suggested by Gøsta Esping-Andersen in his important book, *The Three Worlds of Welfare Capitalism* (1990). This divides welfare states into three main types: the neo-liberal (for example the United States), the social democratic (Sweden), and the corporatist (Germany). Esping-Andersen’s analysis is described in more detail in Chapter 3.

The development of the welfare state

Sir Robert Walpole, when he was old and poor-sighted, asked his son to read to him, but is reputed to have said, ‘Anything but history, for history must be false.’ Walpole may have been expressing a view more famously stated by Henry Ford many years later (‘History is more or less bunk. It’s tradition. We don’t want tradition.’), but he was more probably thinking of two problems that all history has to face. First, it inevitably involves selection and simplification. Secondly, the selection process may be biased or inaccurate. For these reasons it is not appropriate in the context of a textbook such as this to attempt a brief summary of the history of welfare states or even of the British welfare state. This would just exaggerate the problems of selection and misrepresentation. There are available some excellent general histories of the welfare state, and some of these are recommended in the guide to further reading at the end of the chapter. Here we limit discussion to highlighting two key themes that may be borne in mind when reading the history of welfare states.

A consequence of industrialization or of political competition?

Two accounts of the evolution of welfare states dominate the literature. Some argue that industrialization and the social needs it generates, particularly unemployment and poverty, make the provision of state welfare more or less inevitable. Classic accounts are found in Rimlinger (1971) and Wilensky (1975). Others argue that state welfare is won through political competition and follows the coming to political power of representatives of the interests of industrial workers or, more recently, other key groups such as women, ethnic minorities, and disabled people. As a result, the scale and comprehensiveness of the welfare state vary between countries depending on their political histories and which groups of citizens win the power to make the state attend to their interests. This historical analysis is represented in various ways by Miliband (1961), Addison (1975), and Gough (1979), and is discussed in Chapter 2.

Most histories of the welfare state give considerable weight to the processes of industrialization. Britain, particularly England, became an industrial and predominantly urban society significantly before most other countries, and many forms of state intervention in the welfare of citizens also appeared there at an early stage (Mathias 2001). There are also substantial similarities in the histories of public welfare across industrial societies, though the pace of development has varied. All developed a version of the Victorian Poor Law in the nineteenth century (Box 1.5), and all exhibited the basic infrastructures of the modern welfare state by around the middle of the twentieth century (Esping-Andersen and Korpi 1987). These issues are also explored in Chapter 2.
Conclusion: Has the ‘golden age’ of the welfare state passed?

It is not yet clear whether the post-Second World War welfare state will turn out to represent a relatively brief stage in the histories of a few countries or whether it will be a permanent and coherent feature of most developed economies. Some dispute there ever was a golden age (Glennnerster 2000), but most broadly accept that from the 1940s to the mid-1970s funding for welfare benefits and services in Britain and other European countries grew year by year as a proportion of national income, and the major political parties shared a consensus that the core institutions of the welfare state were a good thing (Lowe 1993). There is even more agreement that since the 1970s the welfare state has been under threat. To some extent this is explained by the coming to power of governments of the ‘New Right’ (see Chapter 3), such as those of Mrs Thatcher, which did not share the welfare values of the post-war period.

However, a more fundamental argument is that the growth of a global economy requires the driving down of costs in order to compete in economic markets; this has made it very difficult for governments to expand welfare expenditures and has sometimes made it necessary to cut them. Globalization (see Chapter 9) may have brought to an end the golden age of the welfare state. Furthermore, the competitive pressures have been compounded by demographic changes that reduce the number of workers in societies in relation to the non-working young and old, and by the appearance of new risks which are difficult for the established welfare state to deal with.

For two reasons the continuing viability of the existing welfare state edifice is being questioned across all of Europe. The first is simply that the status quo will be difficult to sustain given adverse demographic and financial conditions. The second is that the same status quo seems increasingly out of date and ill suited to meet the great challenges ahead. Our existing systems of social protection may hinder rather than promote employment growth and competitive knowledge-intensive

The OECD (Organisation for Economic Co-operation and Development) publishes very useful documents, many dealing with comparative social policy issues, at: [www.oecd.org](http://www.oecd.org).


Particularly useful government sites for getting up-to-date information about social policy issues are the Department of Health website, [www.doh.gov.uk](http://www.doh.gov.uk), particularly the links to social care issues, and the Treasury website, [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk), for Government Spending Reviews.
ESSAY QUESTIONS

1. Access the latest issue of Social Trends and choose from it five figures or tables that in your view are particularly revealing of the state of social welfare in Britain. Explain your choices.

2. Distinguish between ‘public social expenditure’ and ‘private social expenditure’ as defined by the OECD. Suggest reasons for the differences in social expenditure between countries portrayed in Figure 1.1 of this chapter.

3. Suggest an example each of ‘a man-made risk’, ‘a natural risk’ and ‘an environmental risk’ faced by citizens in Britain today. To what extent and in what ways should government seek to manage these risks? Which other institutions should play a part?

4. Find on the web the latest issue of ‘Sustainable Development Indicators in Your Pocket’ (published by DEFRA and the ONS). Use the information provided in the publication to suggest in which ways social welfare is improving in the UK and in which ways it is not.

5. Identify two important social problems currently facing the population of Britain or another country. Identify ways in which the government might tackle the problems using the mechanisms of regulation, services in kind, and cash benefits. What combination of policies would you recommend to meet each of the social problems?

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