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The welfare state as a solution and a problem

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OUTLINE

1. Contrasting views about the consequences of welfare state development

1.1 The welfare state as a solution

1.2 The welfare state as a problem

2. Some comparative empirical evidence

2.1 Welfare state regime types

2.2 What is the impact of the welfare state on the well-being of citizens?

2.3 What do citizens expect from the welfare state? How do they evaluate the actual performance?

3. Conclusions

OECD EVALUATION

„Public cash transfers, as well as income taxes and social security contributions, played a major role in all OECD countries in reducing market-income inequality. Together they were estimated to reduce inequality among the working-age population (measured by the Gini coefficient) by an average of about one-quarter across OECD countries."

„In most countries, the extent of redistribution has increased over the period under study as a whole. As a result, tax-benefit policies offset some of the large increases in market-income inequality, although they appear to have become less effective at doing so since the mid-1990s."

„Although governments tended to spend more on benefits overall, transfers did not become more progressive".

OECD EVALUATION

„Redistribution is not only about cash. Governments spend as much on public social services (education, health, care services, etc.) as they do on all cash benefits taken together."

„While the prime objective of social services is not redistribution, but the provision of a decent education, basic health care, and acceptable living standards for all, they are in fact redistributive. Across OECD countries, they reduced income inequality by one-fifth on average".

(OECD 2012: Divided We Stand. Why Inequality Keeps Rising, p. 36f.)

FIGURE 1: CLASSIFICATION OF WELFARE STATES

Social-democratic	Conservative-corporatist	Liberal	Rudimentary	Post-socialist
Denmark	Austria	Australia	Greece	Czech Republic
Finland	Belgium	Canada	Italy	Hungary
Netherlands	France	Ireland	Portugal	Poland
Norway	Germany	United Kingdom	Spain	Slovakia
Sweden	Luxembourg	United States		

FIGURE 1: INCOME INEQUALITY AND POVERTY RATES
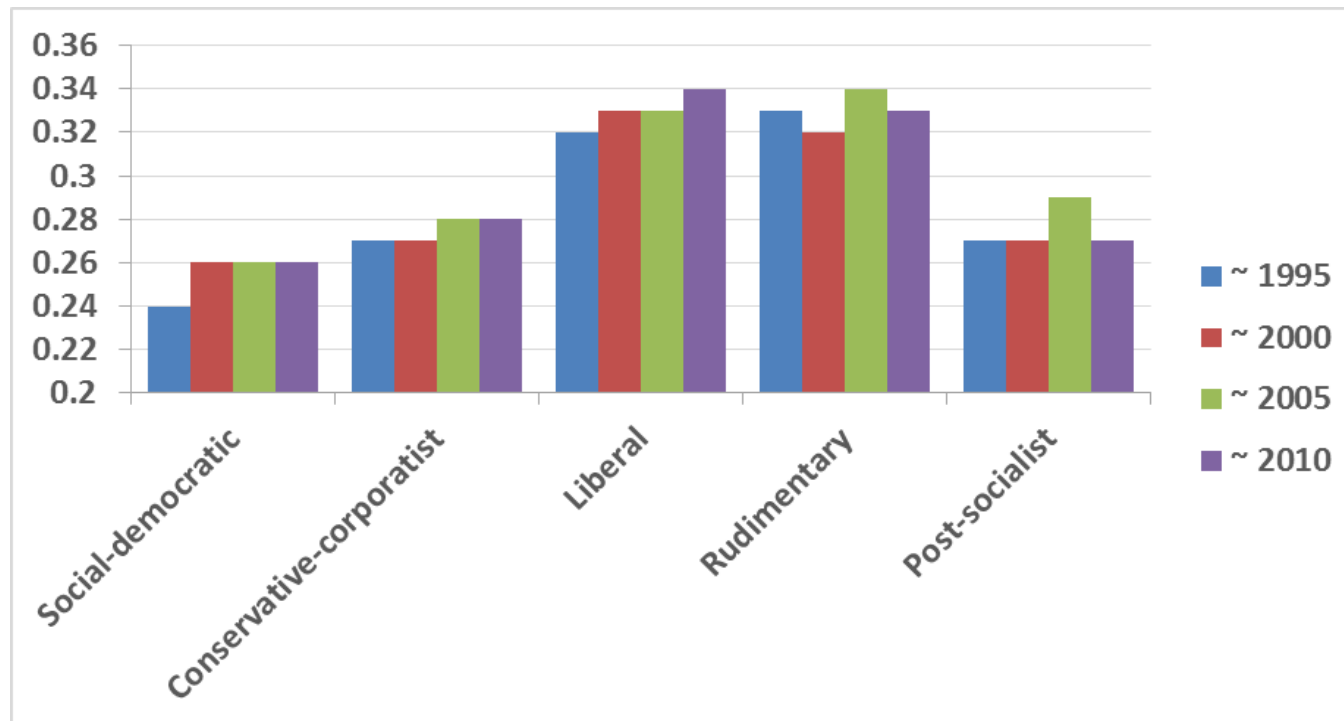# BY TYPE OF WELFARE STATE , 1995 - 2010
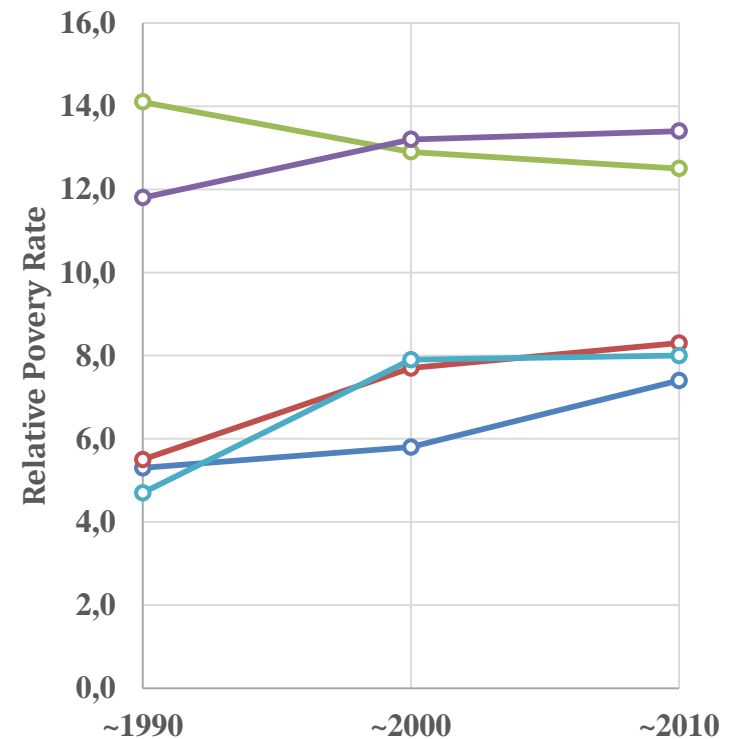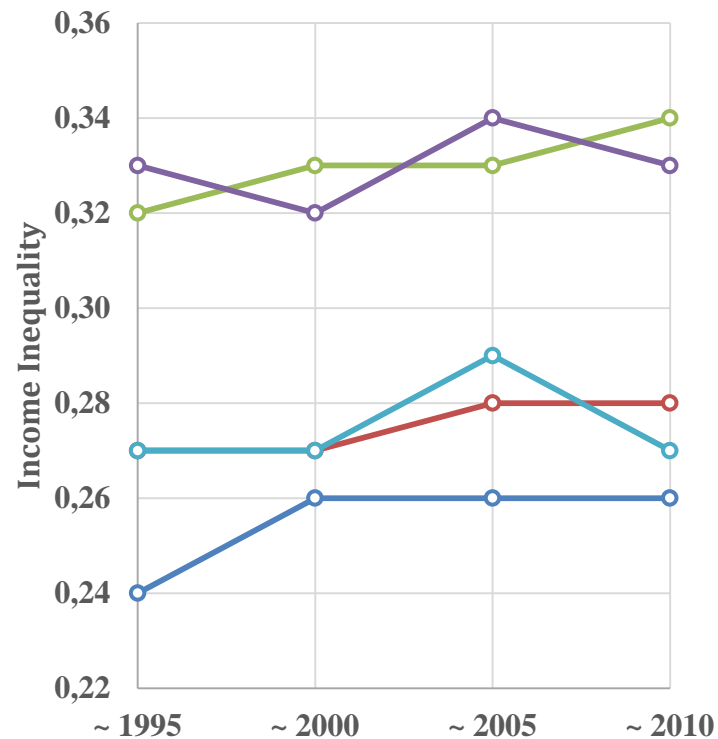
Notes: Data refer to surveys performed most closely to the year indicated.
Income inequality is measured by the Gini coefficient; Relative poverty line: 50% of median equivalent income.
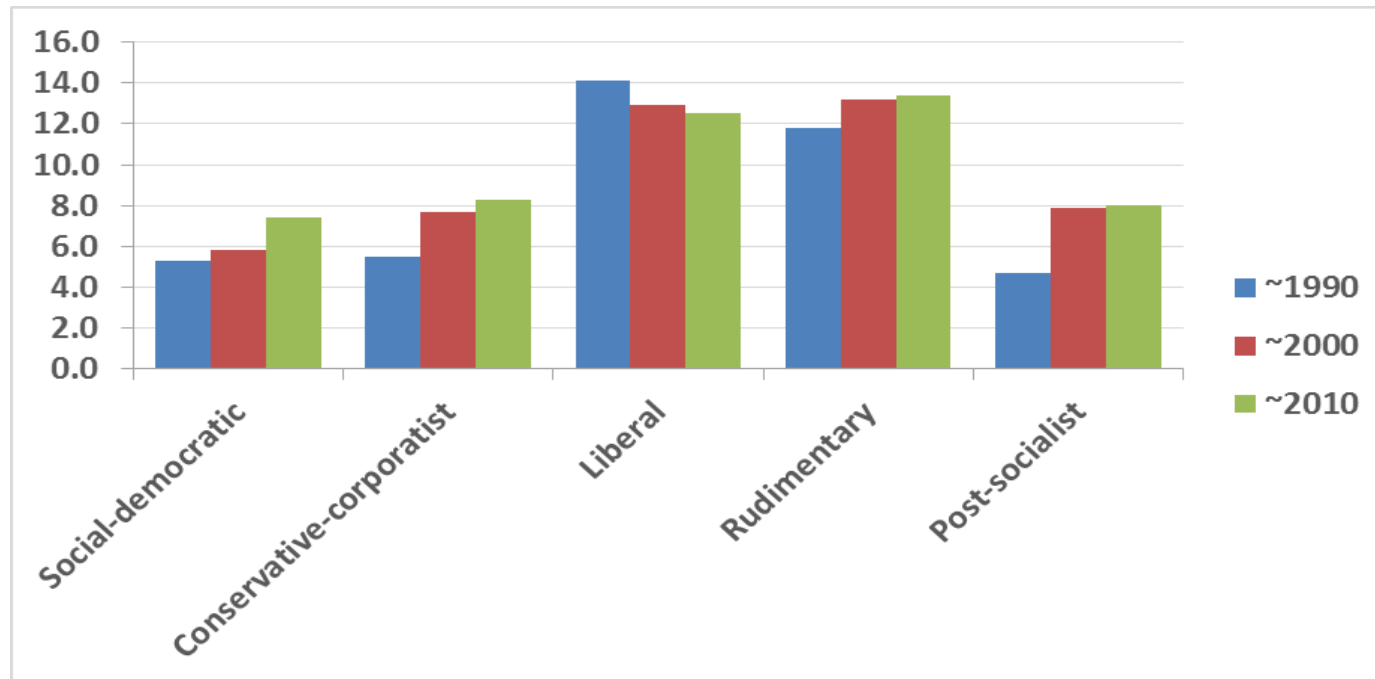Source: Author calculation based on OECD Dataset Income Distribution (OECD 2015).

FIGURE 2: INCOME INEQUALITY BY TYPE OF WELFARE STATE , 1995 TO 2010 (GINI COEFFICIENTS)

Note: Data refer to surveys performed most closely to the years indicated
        Income inequality is measured by the Gini coefficient (0 – 1)
Source: Own calculation based on OECD Dataset Income Distribution

FIGURE 3: RELATIVE POVERTY RATES

BY TYPE OF WELFARE STATE, 1990 TO 2010
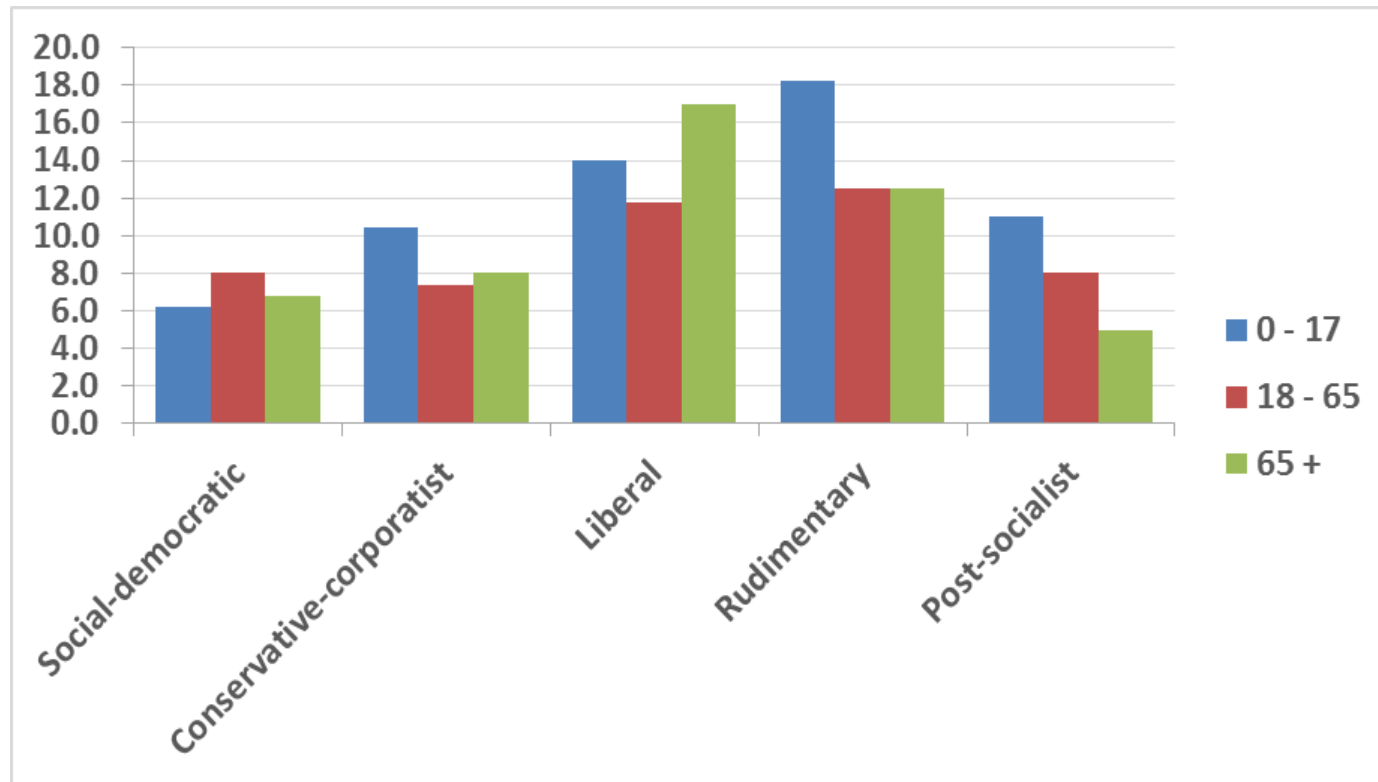

Note: Data refer to surveys performed most closely to the years indicated

Poverty Line: 50% of Median Equivalent Income

Source: Own calculation based on OECD Dataset Income Distribution

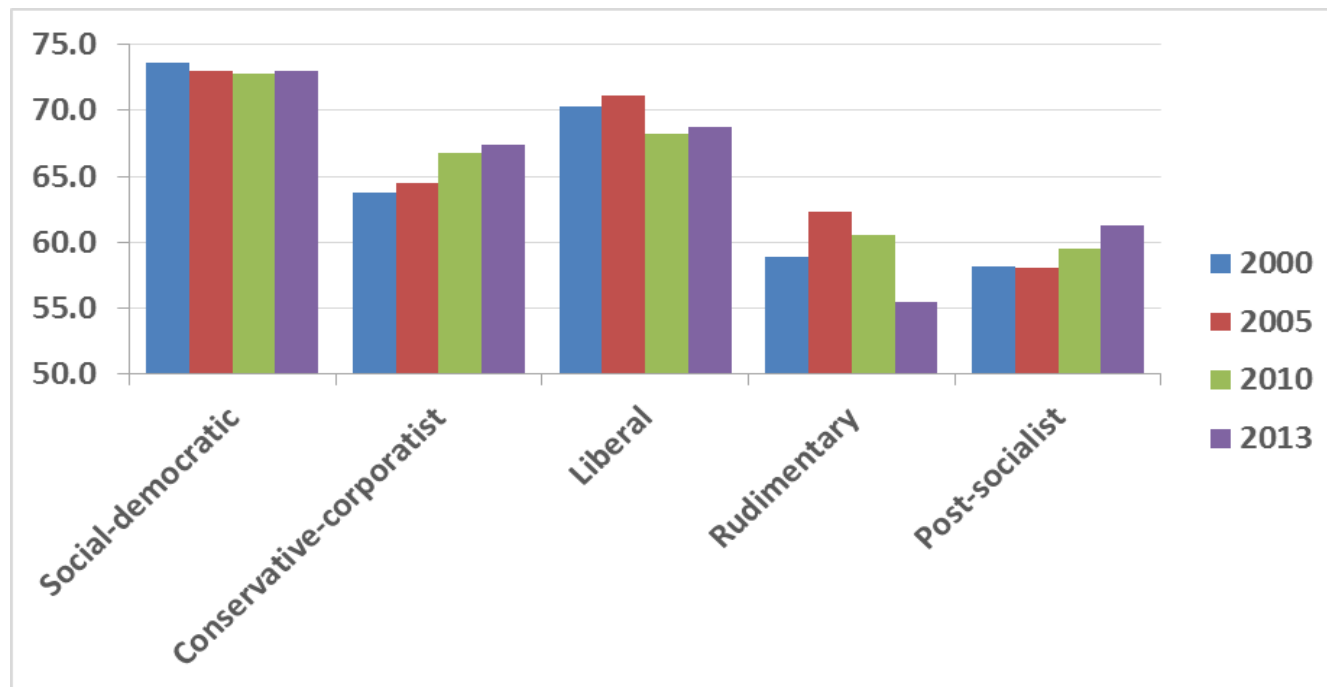# FIGURE 4: RELATIVE POVERTY RATES BY AGE GROUPS
IN TYPES OF WELFARE STATES, 2010

Note: Poverty Line 50% of Median Equivalent Income

Source: Own calculation based on OECD Dataset Income Distribution

FIGURE 5: EMPLOYMENT RATES BY TYPE OF WELFARE STATE, 2000 - 2013 (percentage of population aged 15-64)

Source: Author calculation based on OECD Employment and Labour Market Statistics (OECD 2015)

FIGURE 6: EMPLOYMENT RATES OF MEN AND WOMEN
BY TYPE OF WELFARE STATE, 2013
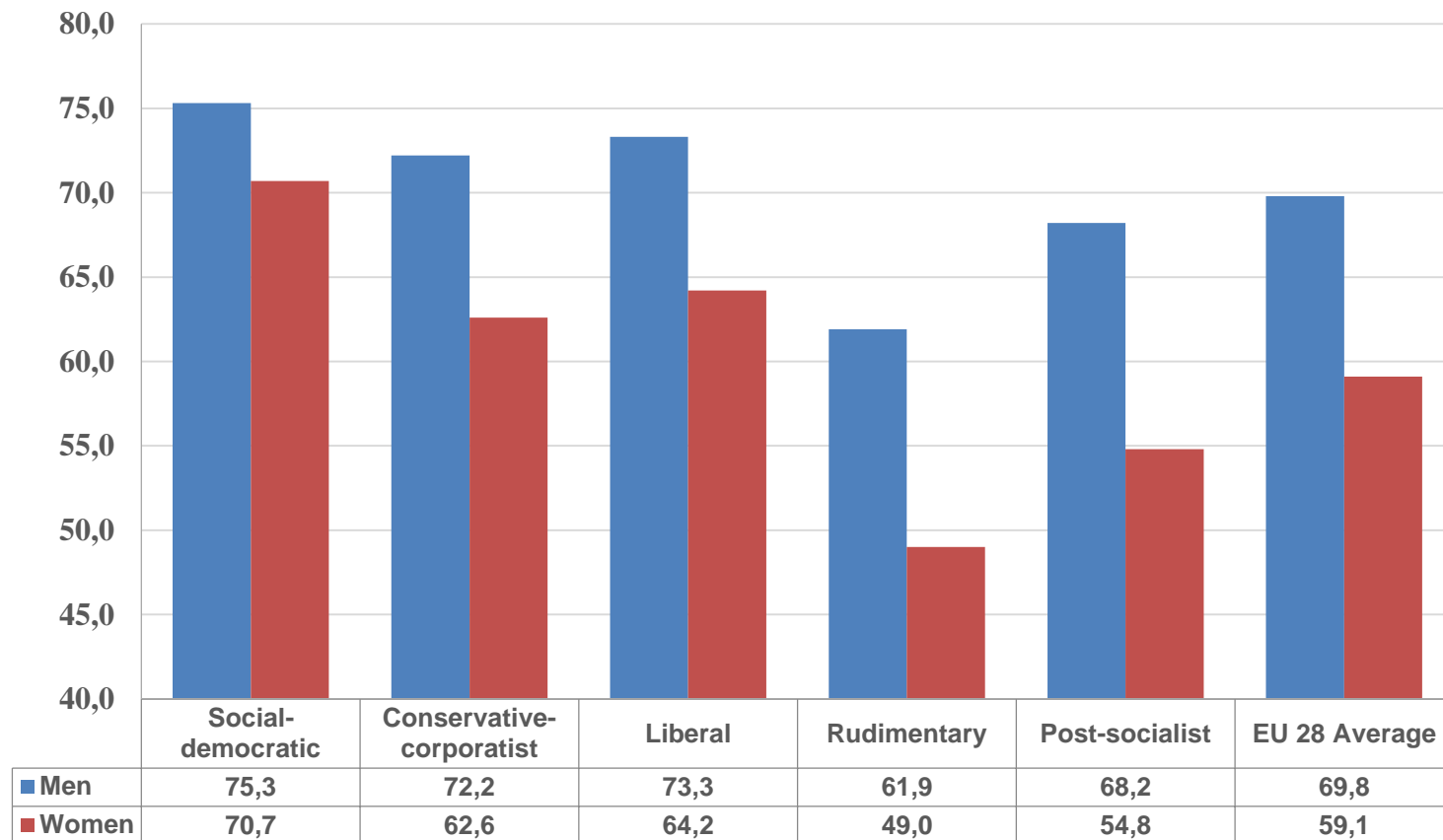
	Social-democratic	Conservative-corporatist	Liberal	Rudimentary	Post-socialist	EU 28 Average
Men	75,3	72,2	73,3	61,9	68,2	69,8
Women	70,7	62,6	64,2	49,0	54,8	59,1

Source: Author calculation based on OECD Employment and Labour Market Statistics (OECD 2015).

FIGURE 7: SOCIAL JUSTICE IN GERMANY, THE NETHERLANDS, SWEDEN AND SPAIN, COMPARED TO THE EU AVERAGE 2015

|	Germany	Netherlands	Sweden	Spain	EU-28
Index of Social Justice	6,52 (7)	6,84 (4)	7,23 (1)	4,73 (23)	5,63
Poverty Prevention (3x)	6,15 (10)	7,19 (2)	7,07 (3)	4,04 (21)	5,04
Equitable Education (2x)	6,31 (13)	6,04 (15)	6,95 (6)	5,40 (20)	6,01
Labor Market Access (2x)	7,24 (3)	6,79 (8)	7,05 (4)	3,68 (27)	5,81
Social Cohesion (1x)	7,25 (6)	7,97 (1)	7,92 (2)	5,41 (18)	5,91
Health (1x)	7,10 (8)	7,81 (2)	7,33 (7)	6,86 (12)	6,14
Intergenerational Justice (1x)	5,32 (15)	5,39 (14)	7,80 (1)	4,68 (22)	5,44
Child and Youth Opportunity Index	6,67 (7)	7,17 (2)	7,34 (1)	3,94 (25)	5,47

Note: The "Index of Social Justice" is a weighted index of 6 components which represent various dimensions of social justice. The "Child and Youth Opportunity Index" is a weighted index of several components which are of particular importance for children and young people. The numbers in parentheses show the rank order of the country within the 28 EU member states.
Source: Schraad-Tischler (2015)

FIGURE 8: OVERALL LIFE SATISFACTION FOR ADULT POPULATION BY TYPE OF WELFARE STATE, 2011
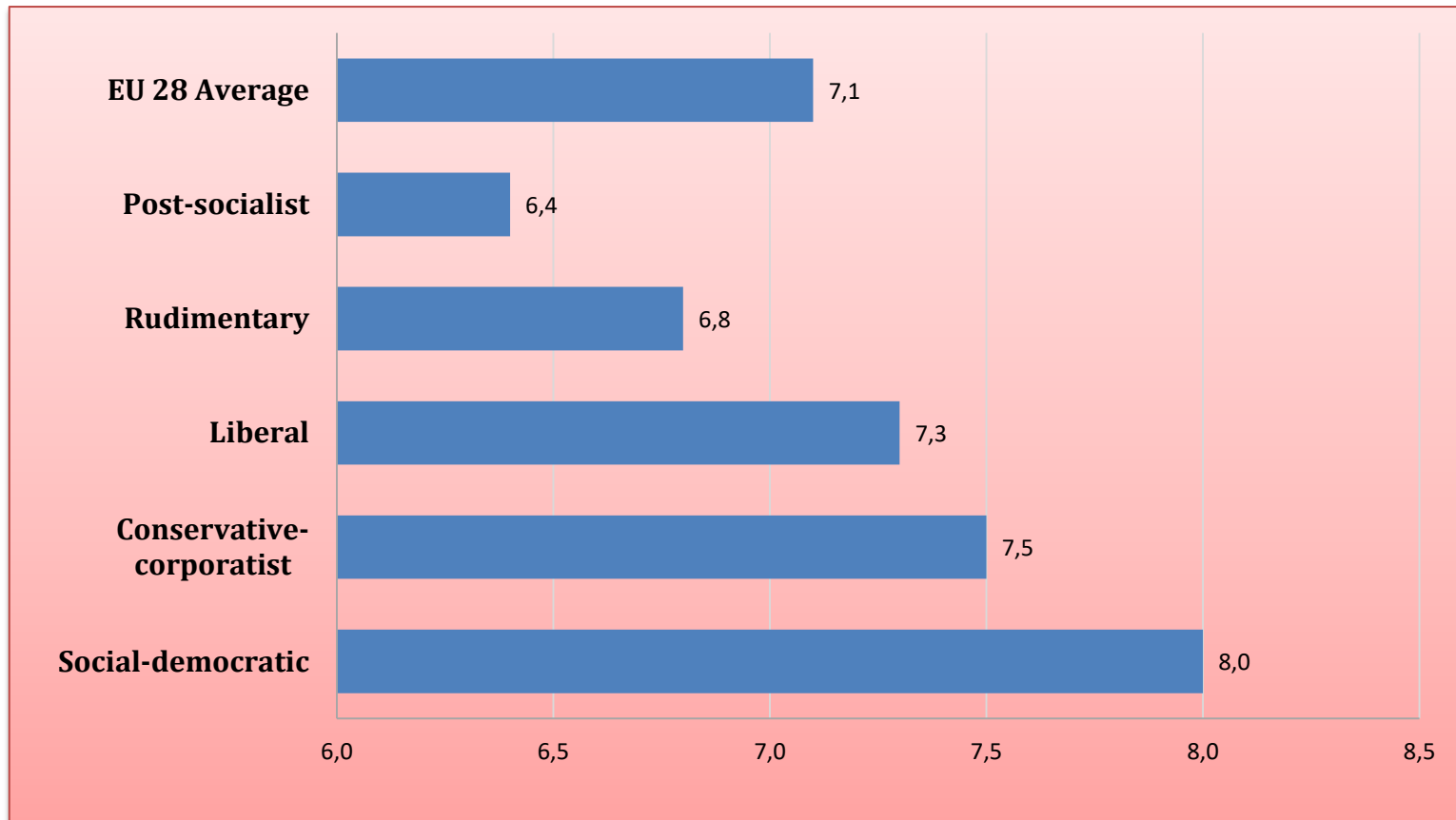
Note: "Adult population" includes all people aged 18 years and over.
Source: Ahrendt et al. 2015, p. 629, data from European Quality of Life Survey, 2011.

FIGURE 9: ATTITUDES TOWARDS GOVERNMENT'S RESPONSIBILITY FOR CERTAIN POLICY GOALS - (AVERAGE SCORES BY POLICY AREA AND BY COUNTRY)

Welfare regime	Conservative		Socialdemocratic		Rudimentary	
	DE	NL	DK	SE	ES	PT
Standard of living for the elderly	7,4	7,7	8,3	8,5	8,9	8,8
Health care for the sick	8,3	8,3	8,9	8,7	9,0	8,7
Standard of living for the unemployed	6,3	6,3	6,6	7,4	7,8	7,3
Job for everyone who wants one	6,0	5,4	5,5	6,0	7,7	7,4
Child care services for working parents	7,8	6,3	8,1	7,9	8,4	8,3
Paid leave from work to care for sick family	7,3	6,7	8,2	7,9	8,3	8,2
Ø	**7,2**	**6,8**	**7,6**	**7,7**	**8,3**	**8,1**

Note: Attitudes were measured on a scale from 0 („not at all responsible") to 10 ("fully responsible")
Databasis: European Social Survey 4, 2008

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FIGURE 10: EVALUATION OF THE PERFORMANCE OF THE WELFARE STATE IN CERTAIN POLICY AREAS - (AVERAGE SCORES BY POLICY AREA AND BY COUNTRY)

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Welfare regime	Conservative		Socialdemocratic		Rudimentary	
	DE	NL	DK	SE	ES	PT
Standard of living of the elderly	5,6	6,3	5,4	4,7	5,0	2,7
Standard of living of the unemployed	3,8	5,1	5,1	4,2	3,7	3,0
Opportunities for young people to find first job	4,7	6,1	7,1	4,7	3,4	2,9
Provision of affordable child care services for working parents	4,3	5,5	5,5	6,4	4,3	3,9
Health services	4,7	6,2	5,8	6,0	6,1	4,3
Education system	4,5	5,8	7,5	5,7	5,2	4,0
Ø	4,6	5,8	6,1	5,3	4,6	3,5

Note: Attitudes were measured on a scale from 0 („extremely bad") to 10 ("extremely good")
Databasis: European Social Survey 4, 2008

FIGURE 11 : ATTITUDES TOWARDS GOVERNMENT'S RESPONSIBILITY X PERFORMANCE EVALUATION OF THE WELFARE STATE (% OF ADULT POP.)

		Performance evaluation of the welfare state	
		high (>= 5,0)	low (< 5,0)
Government's responsibility	**high (>= 7,5)**	DK 49 SW 40 NL 21 GE 16 ES 30 PT 6	DK 11 SW 23 NL 6 GE 29 ES 46 PT 65
	low (< 7,5)	DK 32 SW 24 NL 62 GE 23 ES 12 PT 5	DK 8 SW 14 NL 11 GE 31 ES 12 PT 24

Database: European Social Survey 4, 2008 (author's calculation)

CONCLUSIONS

1. **By and large, welfare states tend to achieve the goals they ought to achieve (combatting poverty, reducing social inequalities, promoting social justice).**

2. **Different welfare state regime types make a difference: some are more succesful than others to achieve these goals.**

3. **The socialdemocratic welfare state regime shows the best performance profile in almost all respects:**
   - **with regard to reducing income inequality and (relative) poverty,**
   - **with regard to labour force participation, especially of women,**
   - **with regard to subjective life satisfaction.**

CONCLUSIONS

4. This superior performance is mainly due to some particular institutional characteristics:

- **universal benefits (social citizenship rights),**
- **comprehensive public, especially social services,**
- **progressive tax systems,**
- **active labour market policies.**

5. If the superior performance of this model can be demonstrated to the citizens / voters, they will support such programs because they contribute to individual well-being as well as to the cohesion of society at large.

CONCLUSIONS

6. **The basic goals of the welfare state continue to enjoy strong support. Citizens have high expectations concerning the government's role in providing social welfare.**

7. **However, citizens are often dissatisfied with the actual performance of welfare state programs and have doubts about their future viability – which often reflects the experience of past reforms.**

8. **It is the challenge for political leadership to narrow the gap between normative expectations and the actual experiences of citizens. The example of the socialdemocratic welfare states demonstrates that this is possible.**

Thank you for your attention !

Comments welcome !