

PSC 343

THREE WORLDS OF WELFARE

# WHAT IS WELFARE?: A TALE OF TWO PARKS

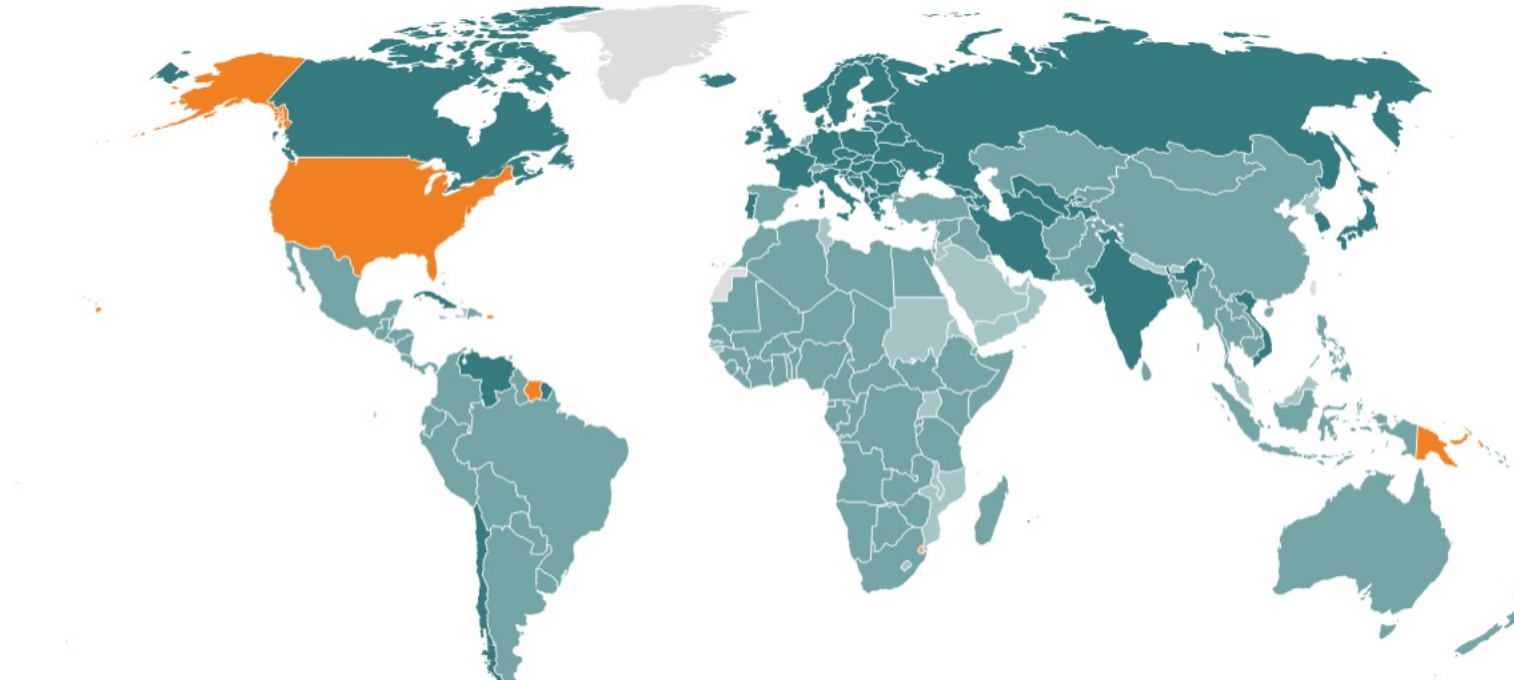


# WHAT IS WELFARE?: FAMILY LEAVE

## Paid Leave for New Mothers

The United States is one of eight countries without paid maternity leave, and the average length for those that have it is 29 weeks.

■ 0 weeks ■ 4 weeks or less ■ 4 to 12 weeks ■ 12 to 24 weeks ■ 24 weeks or more



# TODAY'S AGENDA

What is a welfare state?

Where do welfare states come from?

What are welfare states supposed to do?

Which type of welfare state is the best?

What challenges do welfare states face today?

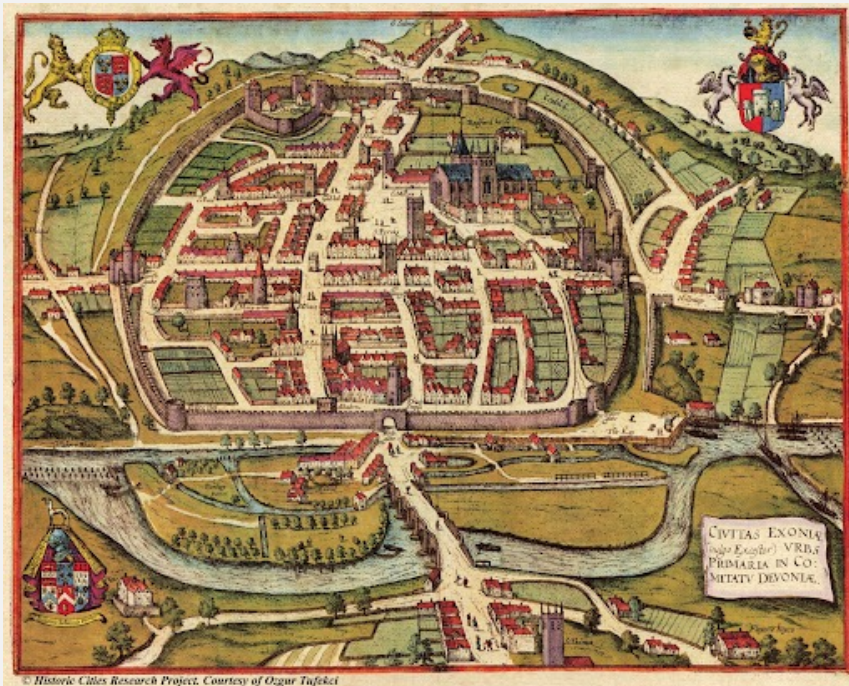
# WHAT IS A WELFARE STATE?

“basic modicum of welfare”

Actors: Individual, families, the state and the market



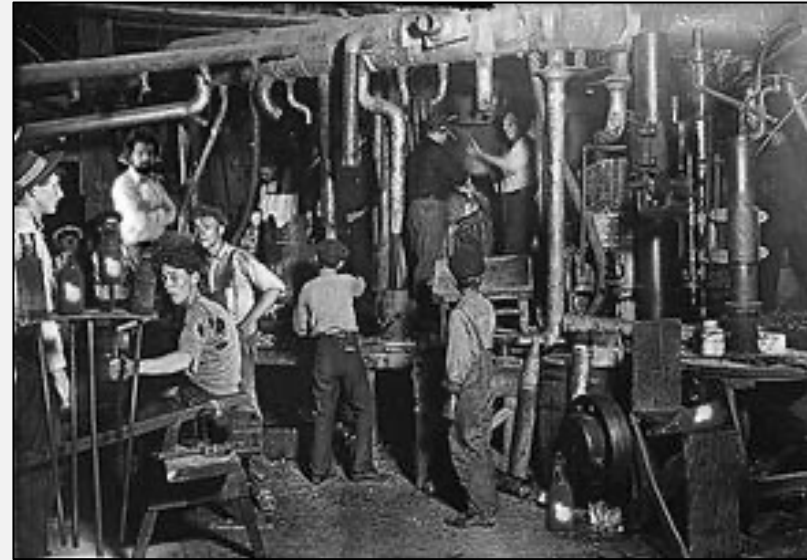
# WHERE DO WELFARE STATES COME FROM?



1. Pre-capitalist markets were tools to meet community needs and were **embedded** in society.
2. Industrialization and the rise of free market capitalism **dis-embed** markets from society.
3. Capitalist markets become a tool to maximize profit rather than provide for social needs.

## WHERE DO WELFARE STATES COME FROM?

1. Firms in the free market maximize profit by treating people's labor as a **commodity**.
2. Drive for market efficiency erodes social protections.
3. Left unregulated, social well-being is subordinate to the “satanic mill” of capitalist accumulation.





# WHAT DO WELFARE STATES DO?

1. Once capitalism dis-embeds markets from society, the government must coordinate the social protections that used to be afforded by the community.
2. The role of the state is to intervene in the market to guarantee the right to basic social welfare.
3. At most, the state **de-commodifies** the basic necessities for existence.





# WHAT DO WELFARE STATES DO? DECOMMODIFY

Comes from verb to commodify, or  
noun commodity

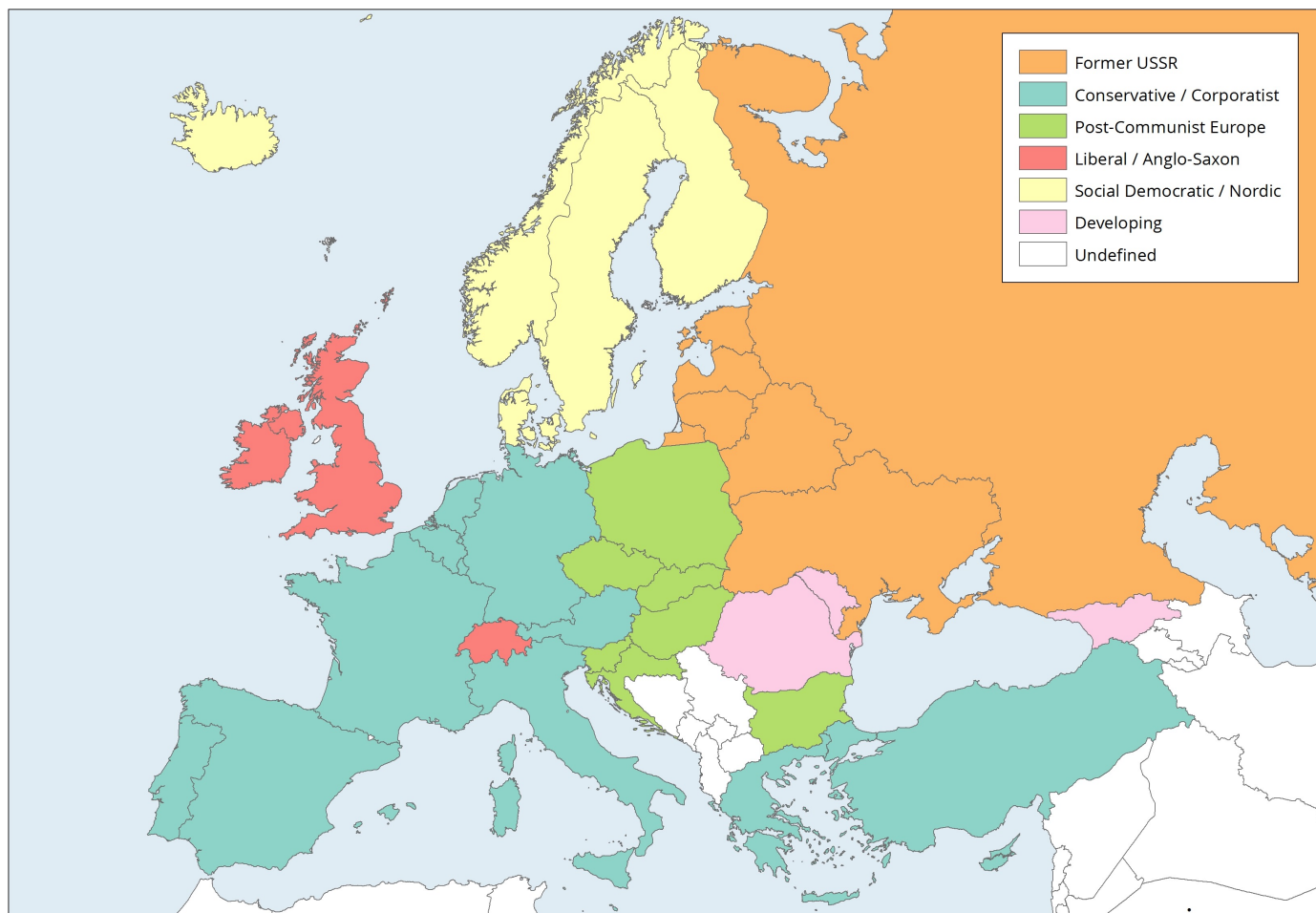
When workers are commodified, they  
must sell their labor

Decommodification happens when you  
don't have to sell your labor to survive



# THREE WORLDS OF WELFARE

## WELFARE STATE MODELS IN EUROPE



Source: Esping-Andersen and Fenger

## THREE WORLDS OF WELFARE CAPITALISM: LIBERAL/RESIDUAL WELFARE STATE

1. Norms: individualism, market efficiency
2. Nature of Entitlements: limited, last resort, highly-stigmatized
3. Decommmodification: limited
4. Class system: poor rely on public programs, wealthy rely on private option
5. Families: low reliance; state responds to market failure
6. Tax burden: low
7. Examples: USA, Australia, UK

# THREE WORLDS OF WELFARE CAPITALISM: LIBERAL/RESIDUAL WELFARE STATE





## THREE WORLDS OF WELFARE CAPITALISM: CORPORATIST WELFARE STATE

1. Norms: conservative values, preservation of class hierarchy
2. Nature of Entitlements: more expansive, quality determined by status
3. Decommmodification: broader, but employment-based
4. Class system: reinforces class stratification
5. Tax Burden: middling
6. Families: high reliance, maintenance of traditional structures; state steps in response to family failure
7. Examples: Germany, Austria

## THREE WORLDS OF WELFARE CAPITALISM: SOCIAL-DEMOCRATIC WELFARE STATE

1. Norms: egalitarianism, broad view of social rights, just have to be a citizen
2. Nature of Entitlements: expansive and universal
3. Decommodification: complete
4. Class system: less stratified
5. Tax Burden: high
6. Families: little reliance
7. Examples: Sweden, Norway

# THREE WORLDS OF WELFARE CAPITALISM

**Table 5.4. A Summary Overview of Regime Characteristics**

	Liberal	Social democratic	Conservative
Role of:			
Family	Marginal	Marginal	Central
Market	Central	Marginal	Marginal
State	Marginal	Central	Subsidiary
Welfare state:			
Dominant mode of solidarity	Individual	Universal	Kinship Corporatism Etatism
Dominant locus of solidarity	Market	State	Family
Degree of decommodification	Minimal	Maximum	High (for bread-winner)

## EXAMPLE: HEALTH CARE SYSTEMS

US: 2-tier system in which the elderly and poor receive tax-funded insurance (Medicaid, Medicare), all else may purchase private insurance (often through employers). Average premiums \$574/month (depends on employment status); average annual deductible \$4,358; out-of-pocket max \$7,350...unless you go “out of network.”

Germany: compulsory insurance from private highly regulated non-profit insurance funds, paid for through taxes and premiums. Premiums depend on income (max \$400/month). Covers almost everything for small co-pay. The wealthy can opt into private insurance.

Sweden: health care is government run and paid by taxes. All services are free for children. Patients pay out of pocket for office visits and prescriptions, capped at \$120/person/year (each). Other co-payments for specialist services are also capped.

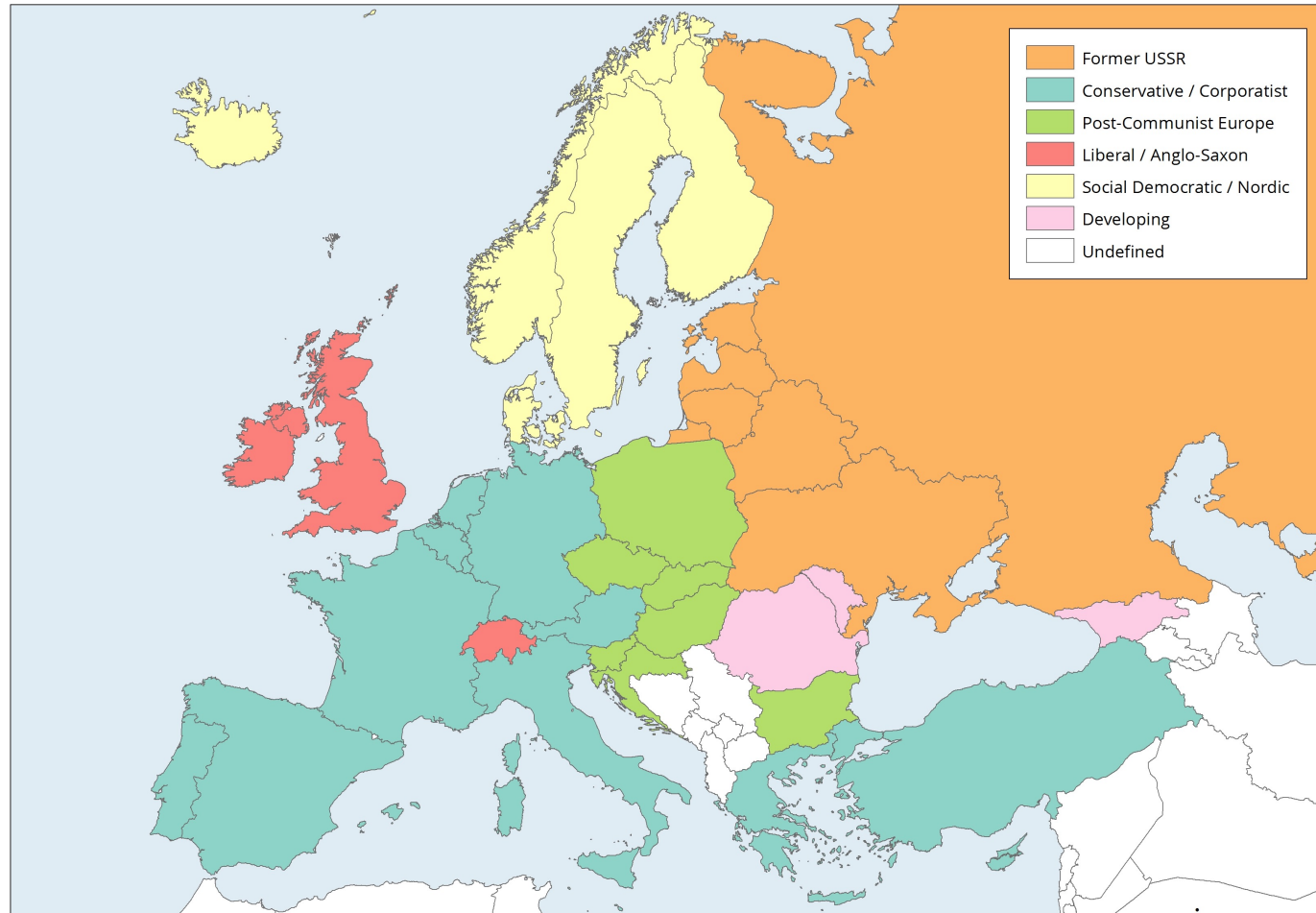


## WHY THREE WORLDS?

1. Majoritarian vs. Consensual
2. Catholic vs. Protestant
3. Country size & homogeneity
4. Class coalitions

# THREE WORLDS OF WELFARE

## WELFARE STATE MODELS IN EUROPE



Source: Esping-Andersen and Fenger

WHICH ONE IS THE BEST?  
OECD DATA

<https://data.oecd.org/>

# WHICH ONE IS THE BEST? OECD DATA

Find, compare and share the latest **OECD data**:  
charts, maps, tables and related publications ...

Browse by

topic ▾

or

country ▾

Search



📘 Search tips

› Catalogue of OECD databases

OECD Data

OECD Data › Search Results

## Featured charts

### Filter by type

 Indicators

 Databases

 API Access

 Publications

### Showing 524 results for "poverty"

 Poverty gap

INDICATOR in Inequality

 Poverty rate

INDICATOR in Inequality

### Poverty gap Total, Ratio, 2022 or latest available


Source: Income distribution

Show:

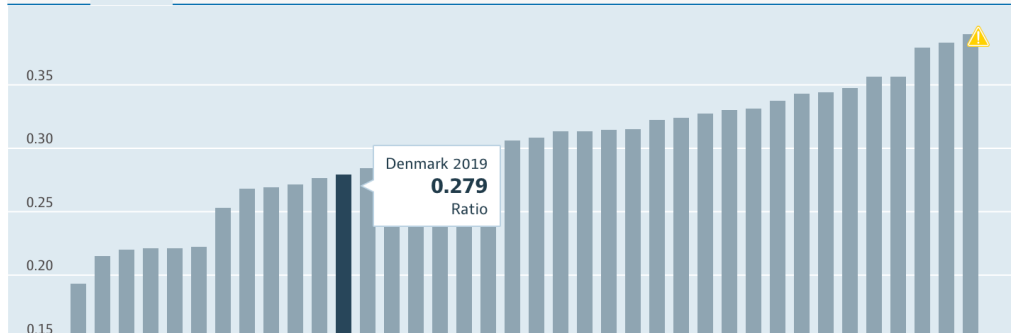
Chart

Map

Table

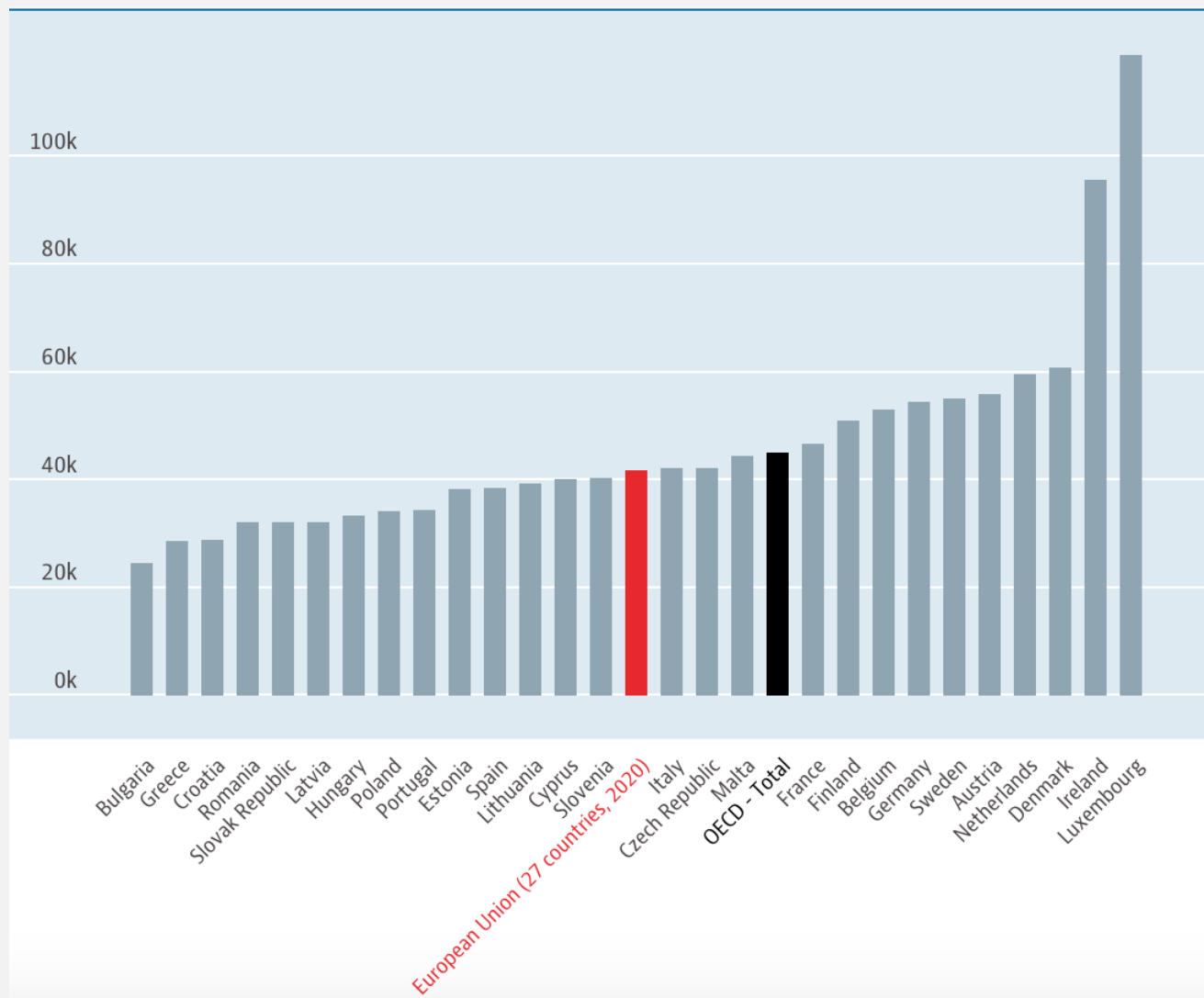
 fullscreen

 My pinboard ▾



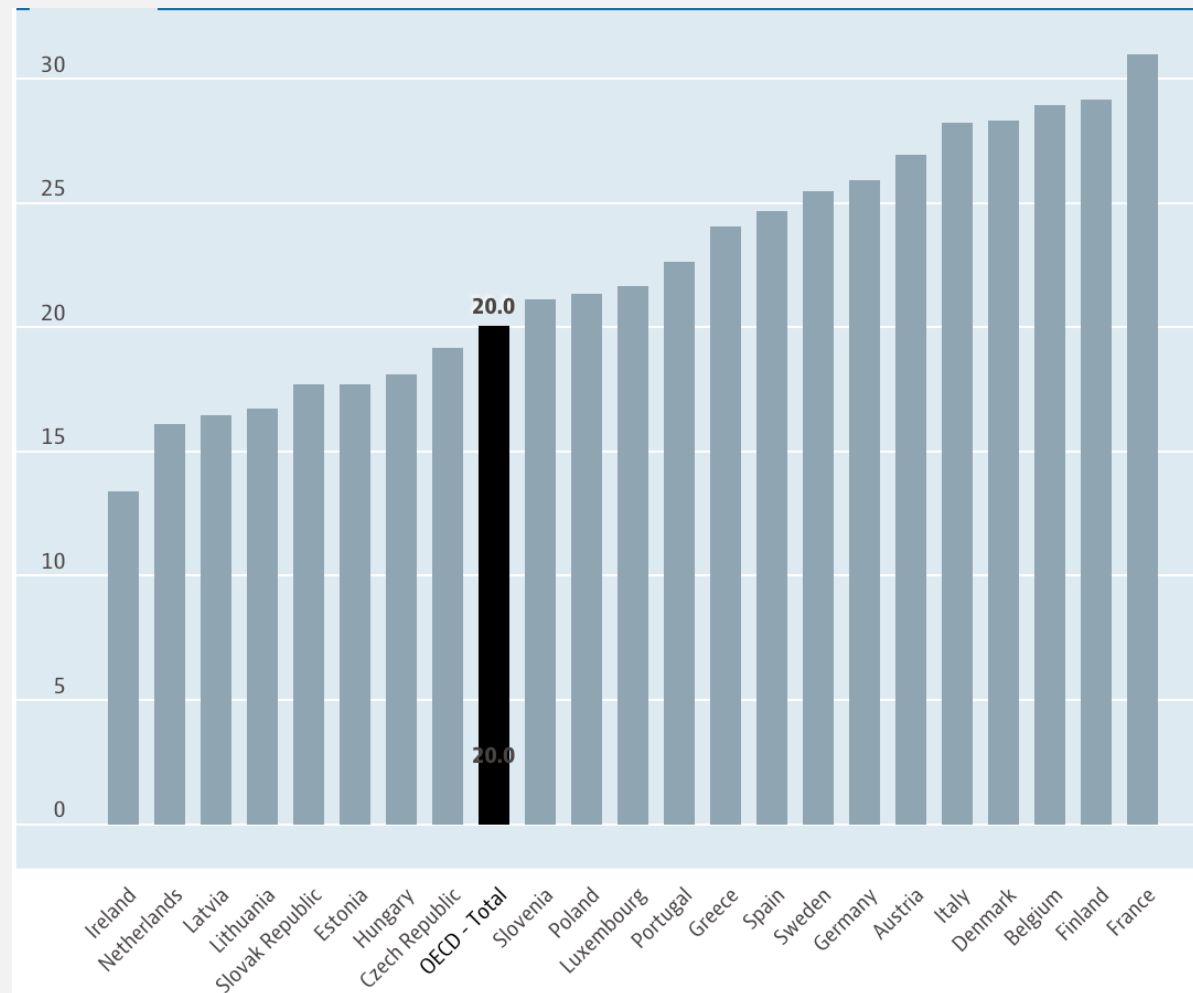


# WHICH ONE IS THE BEST? GDP



Source: OECD

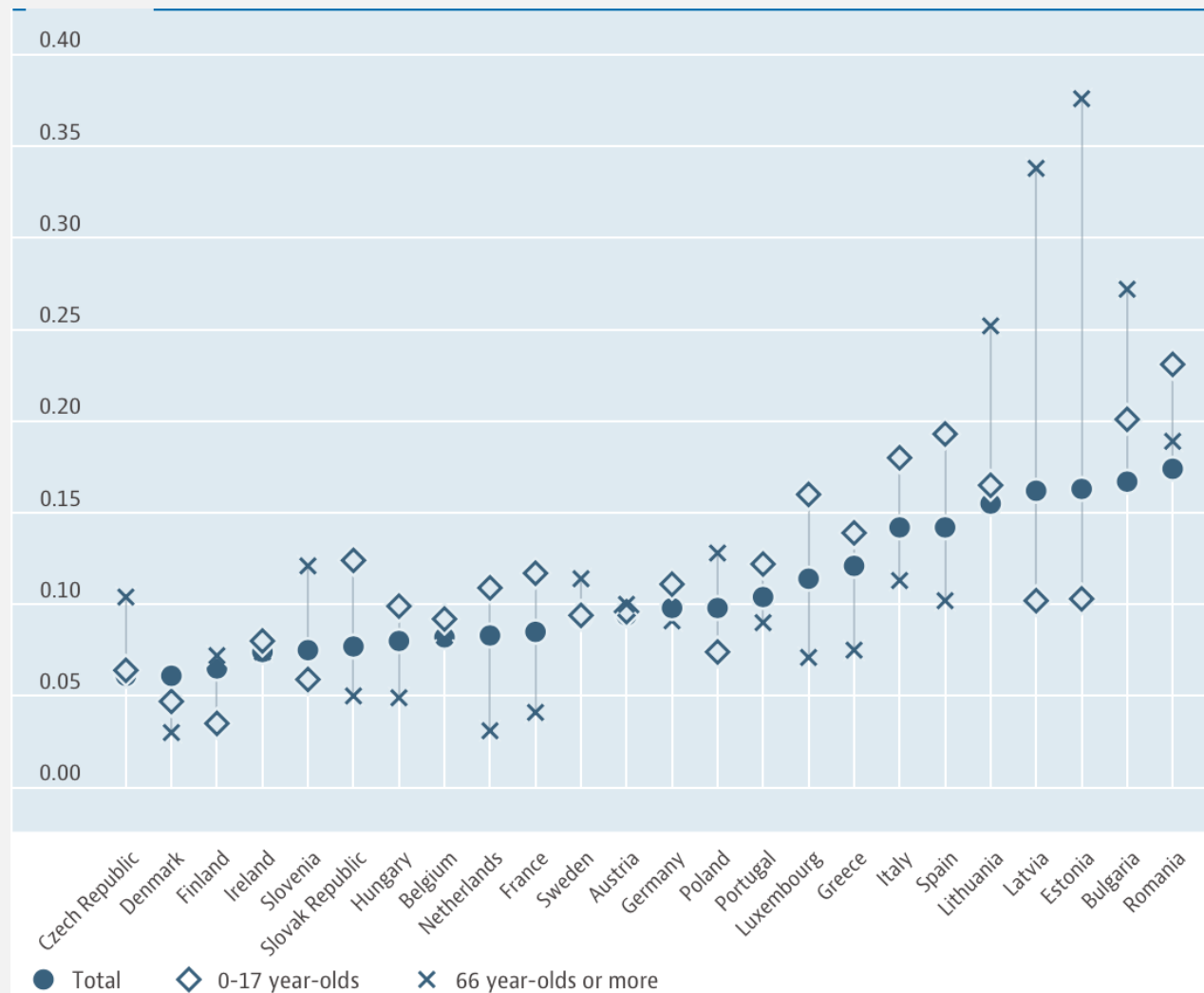
# WHICH ONE IS THE BEST? SOCIAL SPENDING %GDP



Source: OECD

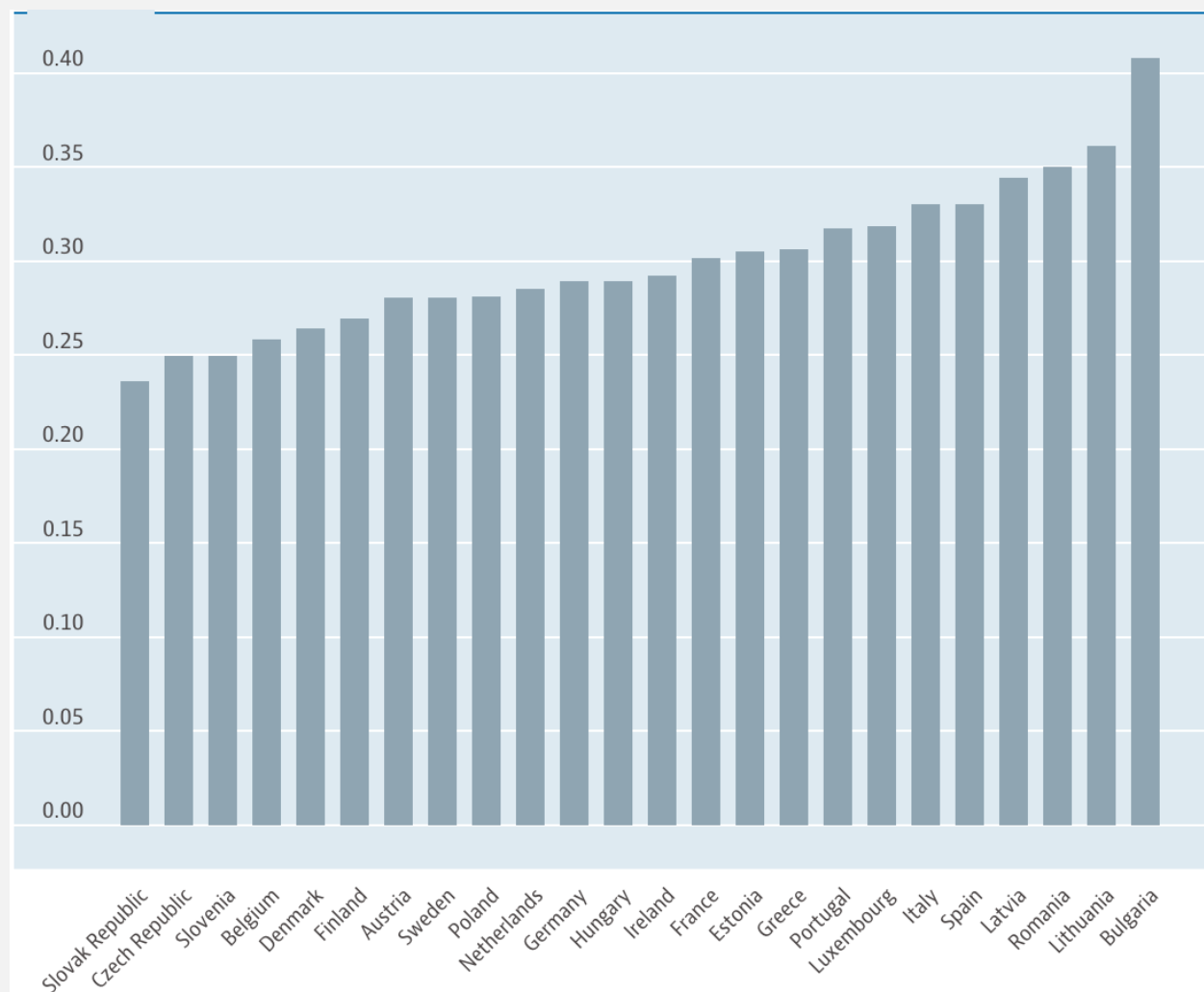
# WHICH ONE IS THE BEST?

## POVERTY RATE



Source: OECD

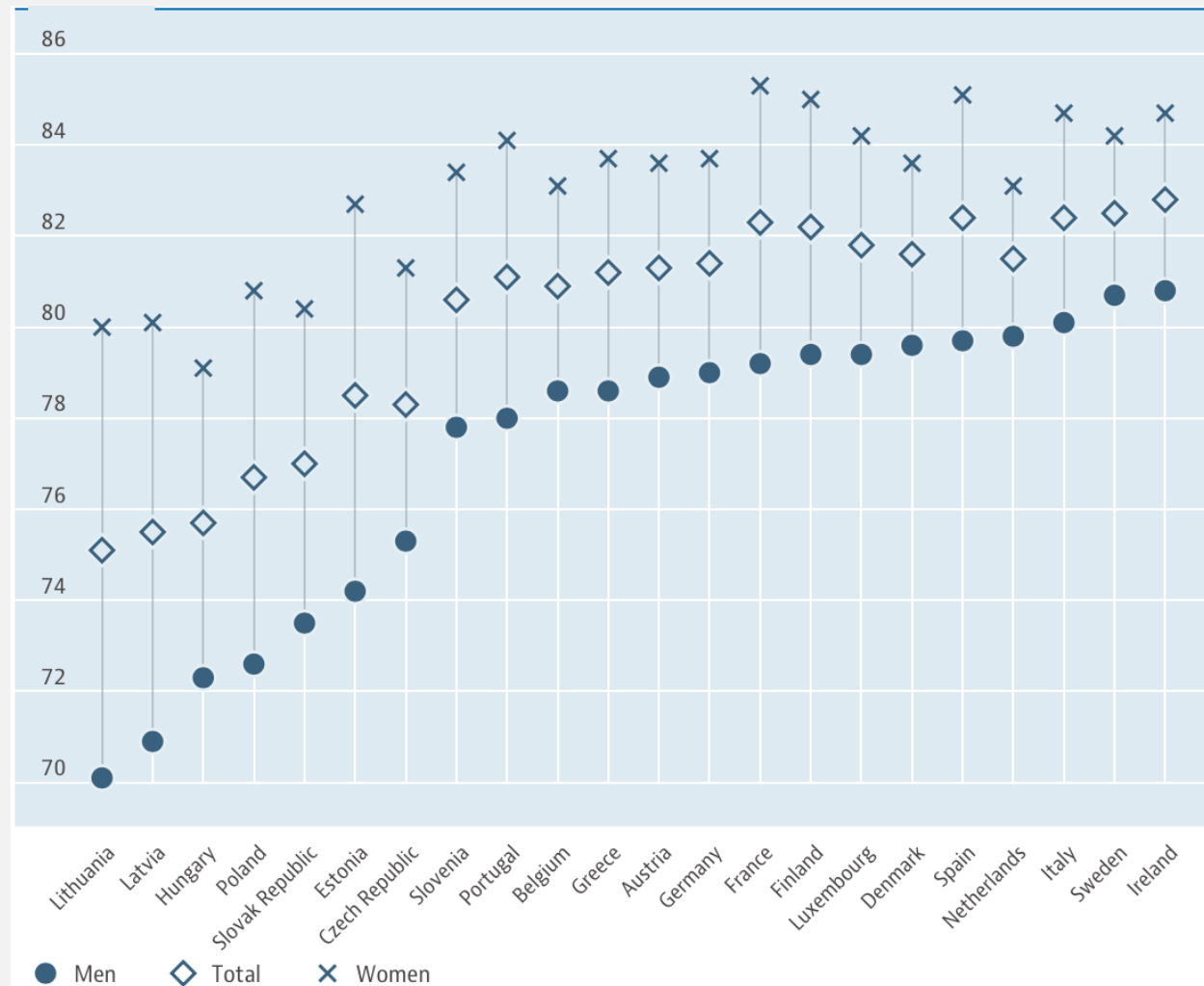
# WHICH ONE IS THE BEST? GINI COEFFICIENT



Source: OECD

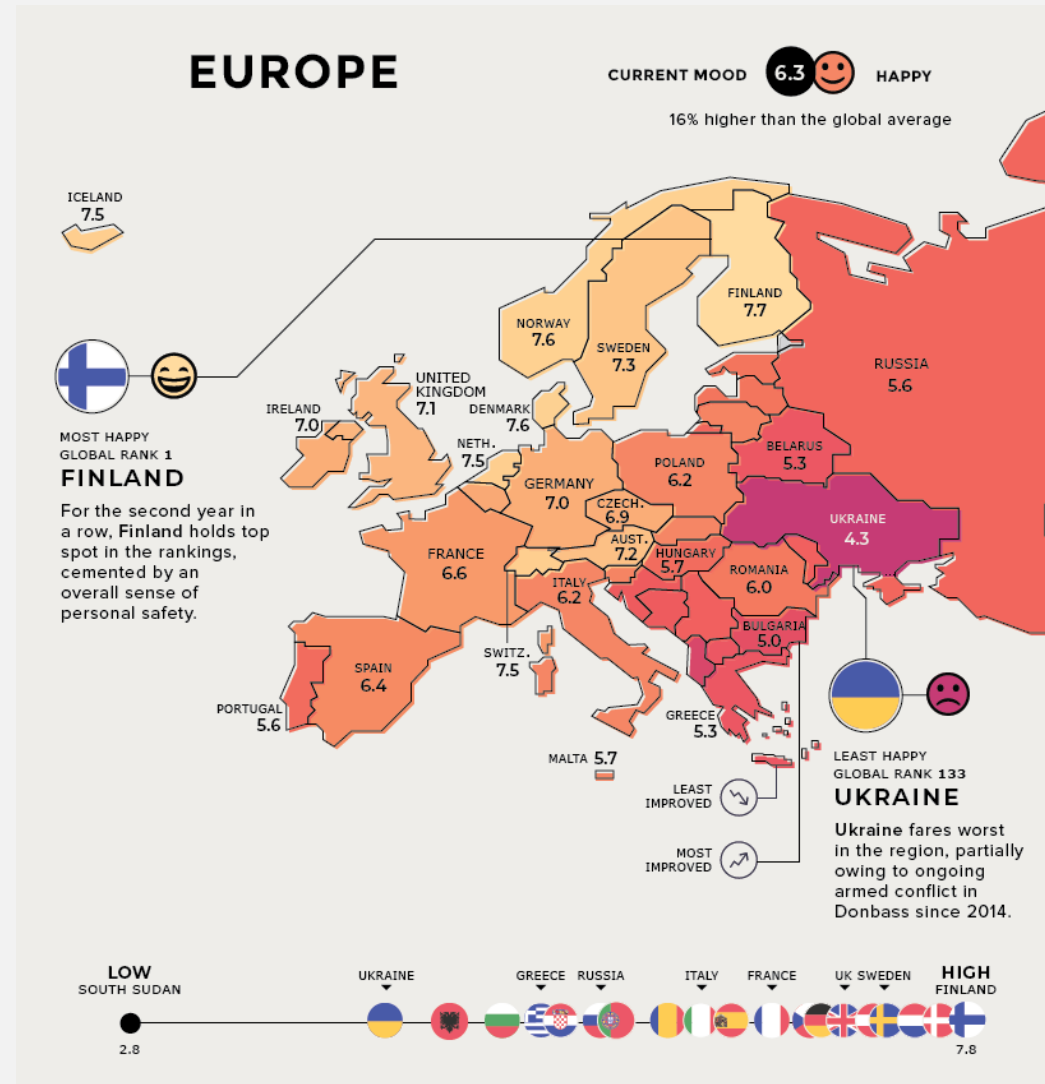


# WHICH ONE IS THE BEST? LIFE EXPECTANCY



Source: OECD

# WHICH ONE IS THE BEST? HAPPINESS INDEX



Source: Visual Capitalist

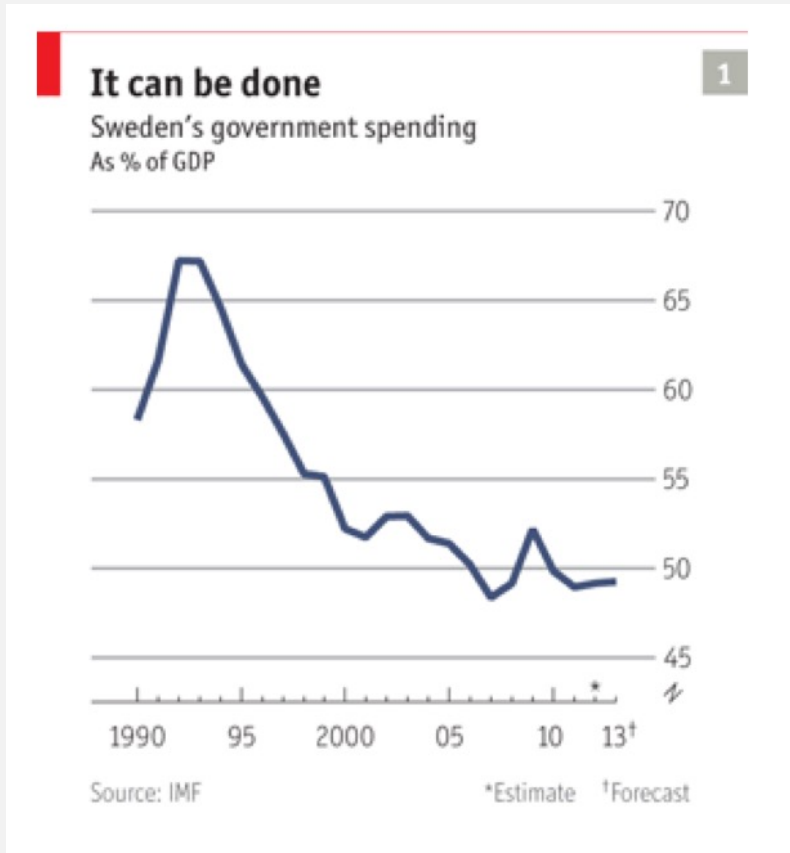
## CURRENT CHALLENGES: RETRENCHMENT AND CONVERGENCE?

Race to the bottom: globalization causes states to cut public benefits and services

Embedded liberalism: globalization makes states spend more on benefits and services to cushion workers from increased labor risks

Convergence: globalization forces states to provide similar levels and types of benefits

# CURRENT CHALLENGES FOR WELFARE STATES: RETRENCHMENT AND CONVERGENCE?



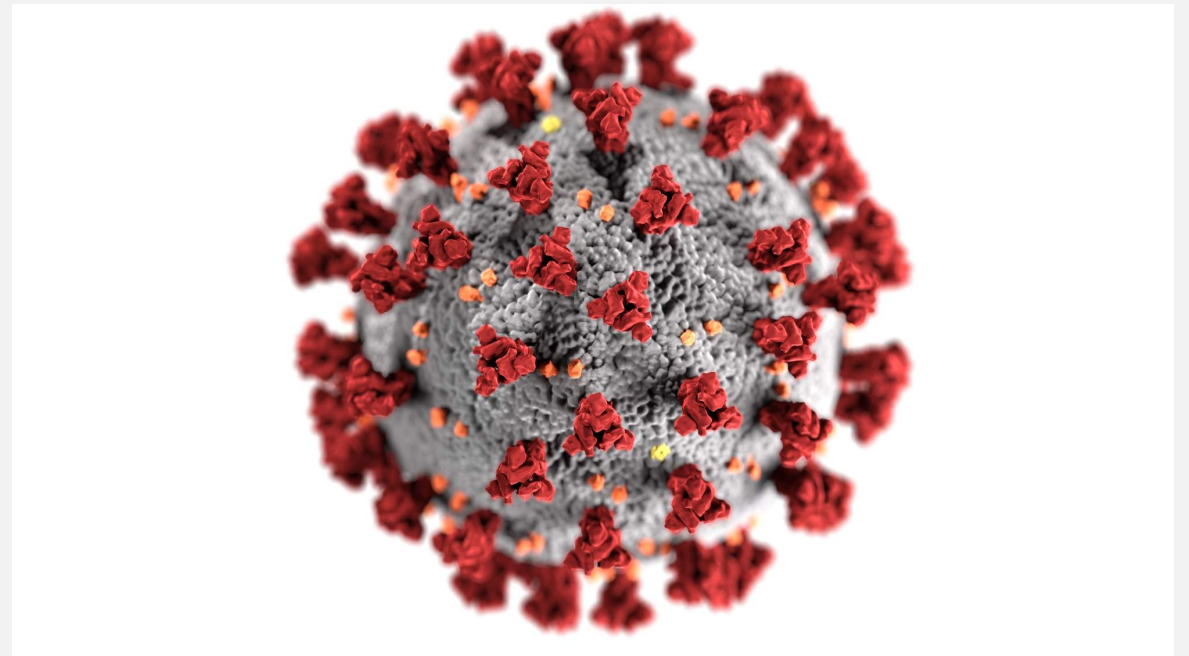
Source: The Economist

# CURRENT CHALLENGES FOR WELFARE STATES

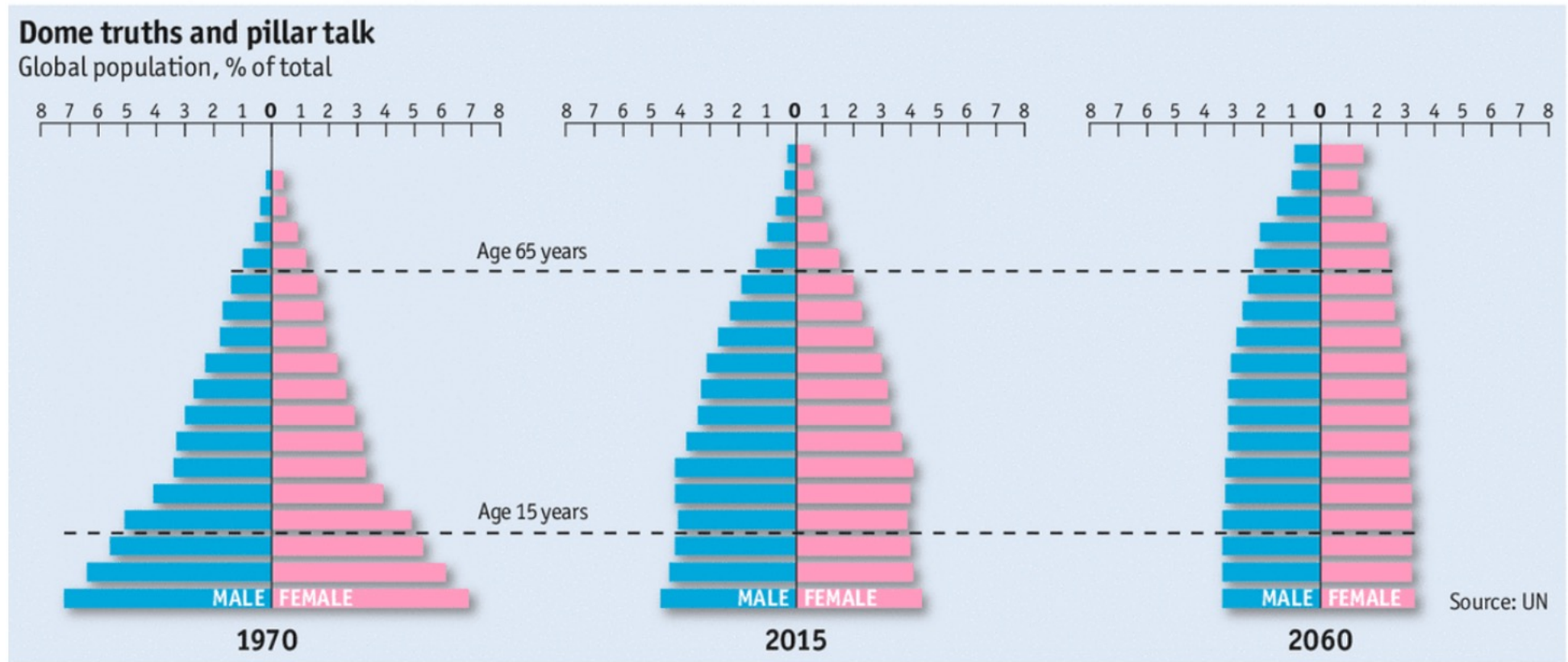
Demographic changes

Immigration

COVID-19 pandemic



# CURRENT CHALLENGES FOR WELFARE STATES: DEMOGRAPHICS

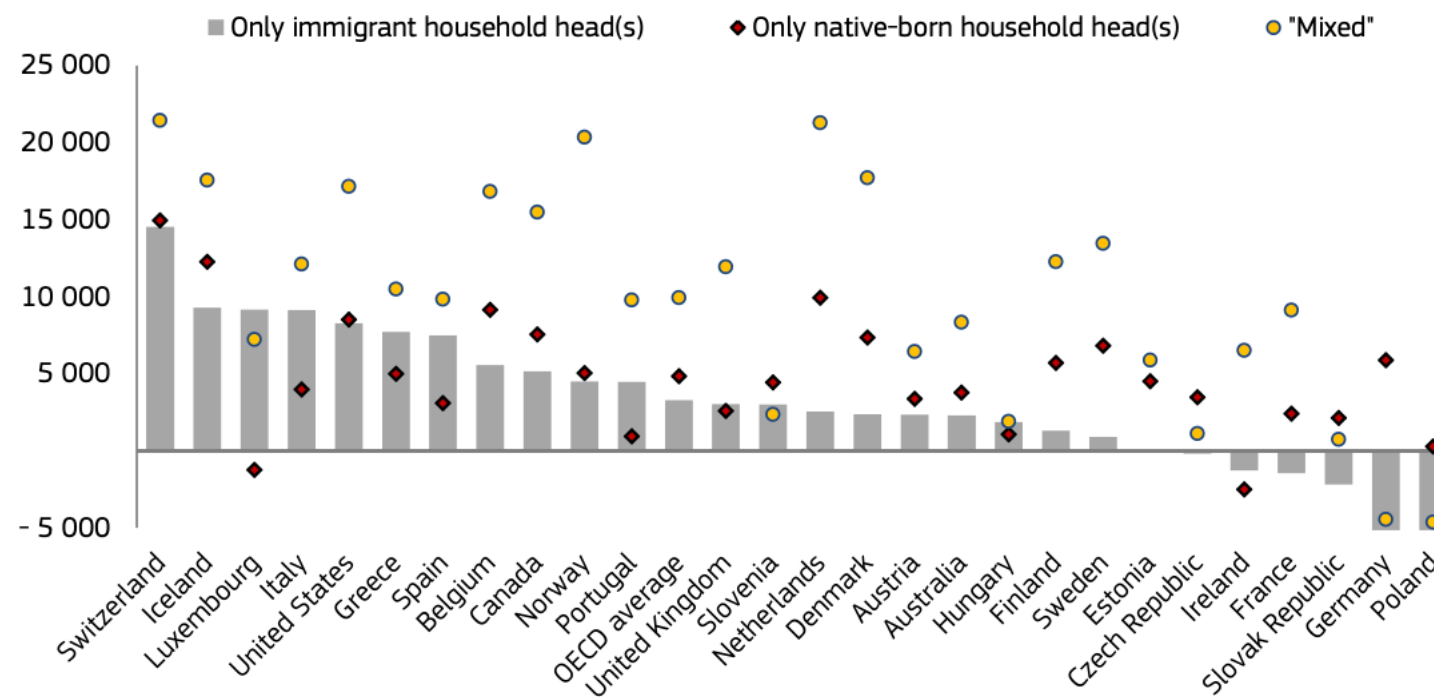


Source: The Economist



# CURRENT CHALLENGES FOR WELFARE STATES: IMMIGRATION

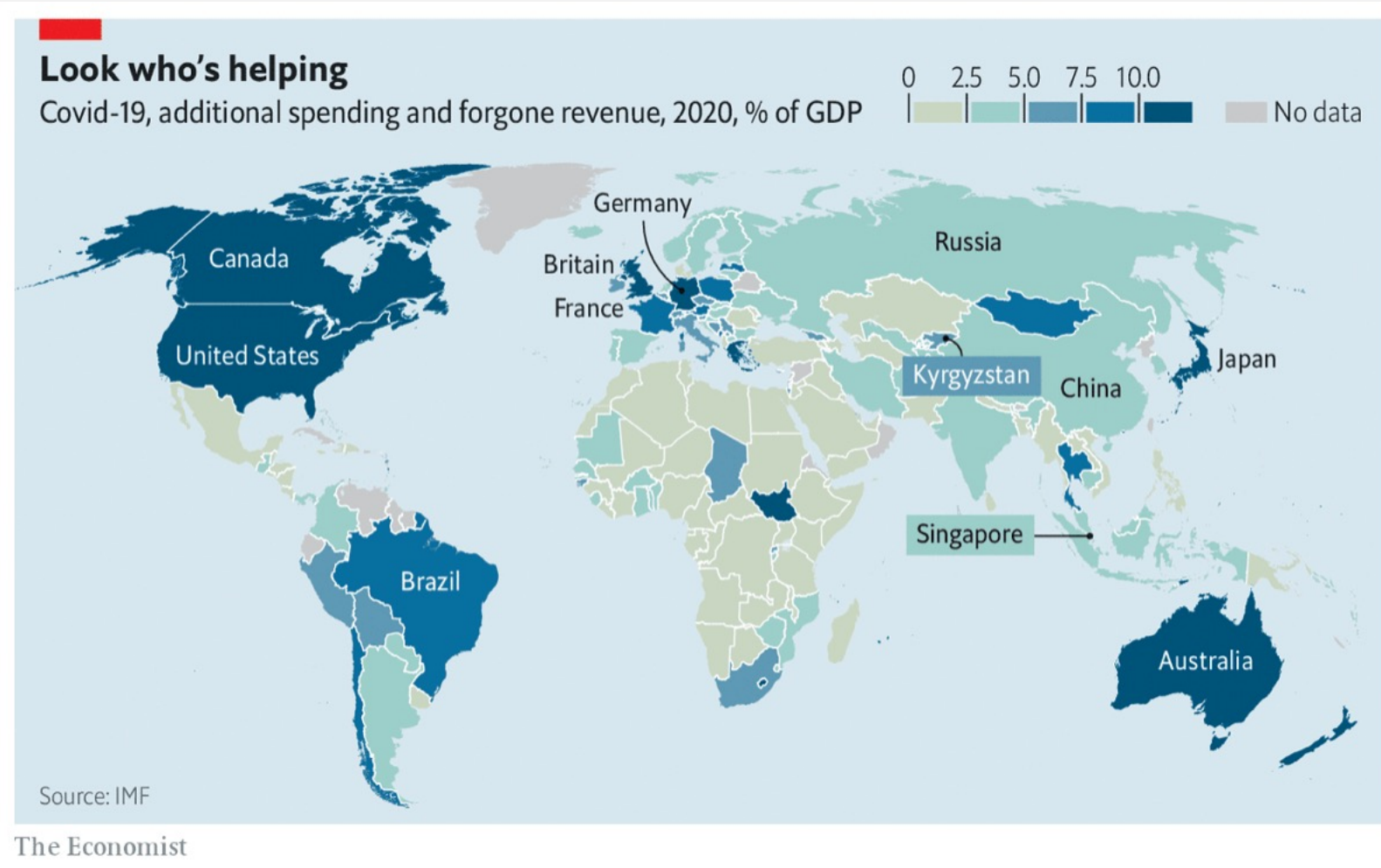
Figure 5: Average net direct fiscal contribution of households by migration status of the household head, 2007-09 average



Note: Euros (PPP adjusted)

Source: OECD (2013), p. 147

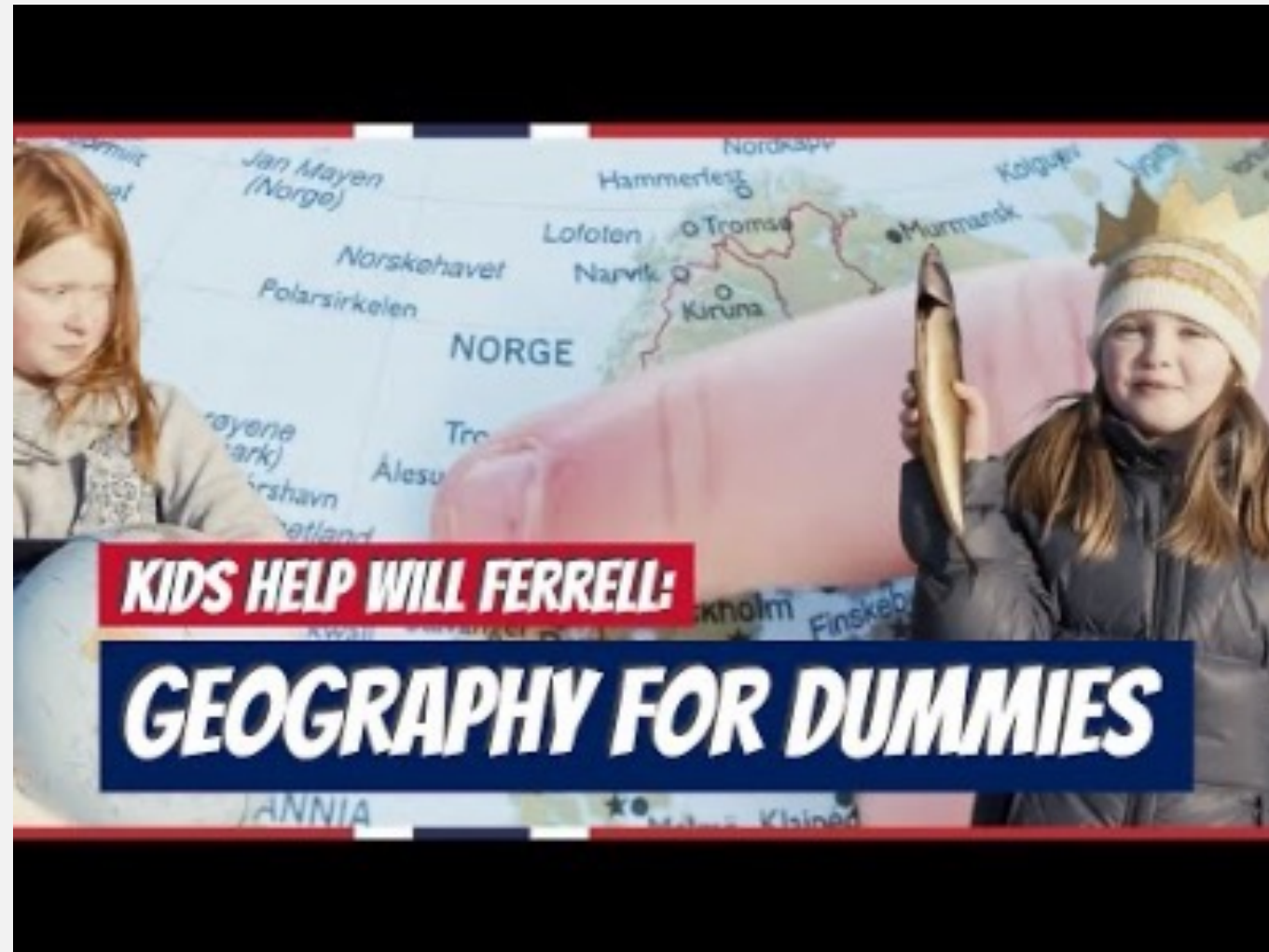
# CURRENT CHALLENGES FOR WELFARE STATES: COVID-19?



# NORWAY VS. UNITED STATES



# NORWAY VS. UNITED STATES



NEXT TIME

Comparing US and European Welfare States